AFRICA RECOVERY

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Varied impact on Africa expected from new European currency

For better or for worse: the euro € and the CFA franc

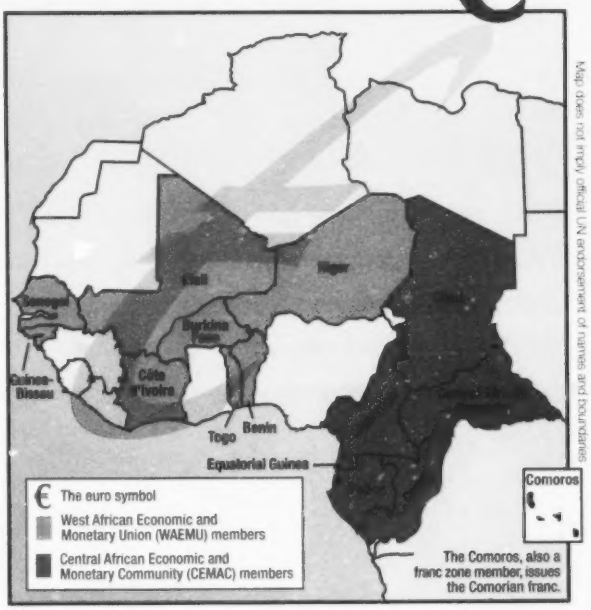
By **Jacqueline Irving**

Opinions are divided over whether the introduction of the single European currency (euro) on 1 January 1999 will prove to be a boon or a bane for African economies.

Two certainties for the foreseeable future are that the CFA franc used by 14 African countries will be pegged to the euro instead of the French franc — to which it has been tied since 1948 — and that 65 per cent of these countries' external reserves will continue to be kept in an account held by the French Treasury.

Many economists and financial analysts agree that the euro — which will be the only legal tender in 11 countries known as "euroland" after 30 June 2002 (see box, page 25) — will alter trade and financial flows between Europe and Africa. The CFA countries — together with Central Europe and the Southern Mediterranean — comprise the three groups of countries outside euroland that will be "affected most" by the euro's introduction, according to a December 1998 World Bank report. But the direction of change is not yet clear, (see box, below). Some analysts point out that actual outcomes for Africa could vary considerably by region and over time.

Trade links between euroland and African countries, particularly in the CFA zone, are already tight. Trade with euroland accounts for 40-50 per cent of total African trade, according to IMF figures. The figures are generally at the higher end of this range for CFA countries (although CFA trade with the European Union countries has declined quite steeply in recent years — see graph, page 28). If the euro regime leads to an economic upswing in euroland, it could boost that region's output and demand for imports. In turn, this could benefit the economies of euroland's African trading partners. For companies in CFA countries trading with companies in the European countries sharing the euro with France, the shift in the currency peg from the French franc to the euro would also mean lower commercial and currency transaction costs.



The introduction of the euro is expected to tighten economic links between euroland on the one hand, and the CFA franc zone countries and the Comoros, on the other.

Map does not imply official endorsement of names and boundaries

Impact of the euro on Africa

Possible gains for Africa from the euro include:	*But the euro would be bad for African economies if it causes:*
• Increased export sales	• A loss of export markets
• Faster growth	• Slower growth
• Transaction cost savings	• Macroeconomic instability
• Improved macroeconomic stability	• Diversion of international investment from Africa
• More inbound foreign investment	• Less favourable foreign borrowing conditions
• Cheaper foreign borrowing rates	• Setbacks in local capital market development
• A spur to regional integration	• Impediments to regional integration

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Central bankers of the mainly francophone West African Economic and Monetary Union (WAEMU) are optimistic. The CFA franc-euro link "will give a new impulse to trade and financial flows" between WAEMU and European countries, offering "new opportunities to the economies of WAEMU and new markets to European countries," said an official of WAEMU's Central Bank of West African States (BCEAO). The link should also offer to WAEMU's eight members the distinct advantages of "more commercial outlets, [the ability to] attract more European investors and access to the European financial market." But WAEMU officials also note that among the challenges posed by the euro link is the continuing obligation that WAEMU members "implement sound and convergent economic and financial policies."

Optimism not universal

Some economists are more dubious about the extent to which the euro's introduction will have positive trade effects for any countries, including those in the CFA zone. "I don't believe that there is going to be much benefit

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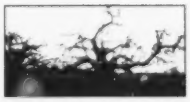

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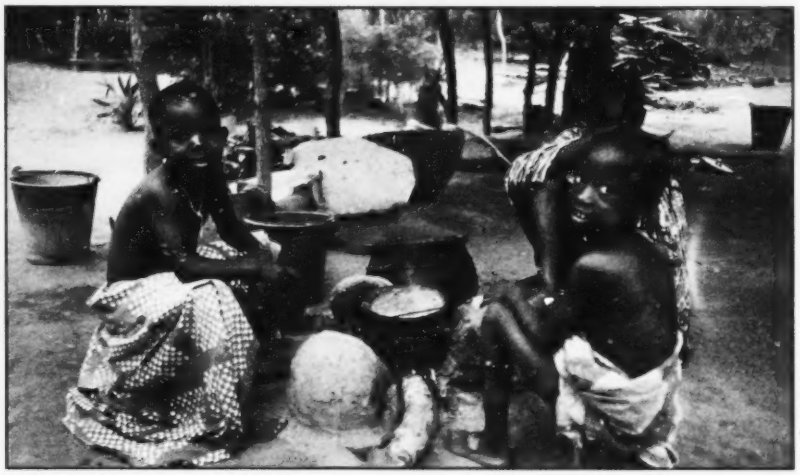
IDA makes first private loan guarantee

Provides cover for Côte d'Ivoire power project; normal soft lending will continue

By **Jullyette Ukabiala**

The International Development Association (IDA) of the World Bank Group, a major source of soft loans to African governments, will now also provide guarantees for commercial loans to the private sector. The first such guarantee covers a commercial loan of $30.3 mn, obtained last December by a group of private companies in Côte d'Ivoire known as Cinergy. The loan completes the estimated $223 mn cost of building the Azito power plant in Côte d'Ivoire. The International Finance Corporation (IFC), also of the World Bank Group, worked closely with IDA to appraise the project and arrange the guarantee facility.



UNDP / Ruth Massey

Half of Côte d'Ivoire's rural population lack electricity. The Azito project will help accelerate rural electrification.

IDA sources say the unprecedented guarantee arrangement marks the beginning of a process through which IDA will "evolve from lender to guarantor," under a pilot programme endorsed by the Bank's Board of Executive Directors in 1997. IDA's desk manager for the project, Mr. Said Mikhail, told *Africa Recovery* that IDA's new role as guarantor does not mean that it will cease to operate as a source of soft loans to low-income countries. Rather, it is an extension of the range of assistance which IDA can offer those countries, he said. "The guarantee is something additional and will enable us to do more," he added. World Bank sources say IDA is Africa's most important source of concessional lending, disbursing an estimated $1 bn a year. Mr. Mikhail summed up the significance of the guarantee facility as a reaffirmation of IDA's commitment to facilitating development projects that will improve the socio-economic condition of African countries, "provided they get their economic and political acts together."

The rest of the funding for the 300 megawatt power station had been raised mostly through loans from the IFC, equity and a syndicate of bilateral and multilateral institutions led by the Commonwealth Development Corporation (CDC). Société Générale of France is the syndication underwriter for the combined commercial bank package. The IDA guarantee facility is a "partial risk guarantee," based on the understanding that the government of Côte d'Ivoire, the developers and the commercial bank involved, will bear some of the potential risks associated with the project, including construction risks and the cost of overrun.

Criteria for the IDA guarantee facility

Mr. Mikhail is certain that IDA's new role as loan guarantor will boost the confidence of both public and private business holdings in the countries that constitute IDA's main clientele. But he notes that certain conditions apply to IDA's provision of the facility, stressing that the economic and political climate in the countries in which interested businesses operate have to be open-market oriented and stable. Similarly, the project for which they seek commercial loans that IDA can guarantee has to be viable, he says.

In this context, he explains that Côte d'Ivoire's Cinergy was able to obtain the IDA guarantee essentially due to the privatization of the power sector and an energy tariff level that ensured full cost recovery and convinced IDA of the viability of the project. The reputation and experience of the project developers and owners of Cinergy, as well as IDA's confidence in the stability and political leadership of Côte d'Ivoire, also helped, he adds.

The project developers had to meet two other conditions to secure the IDA guarantee. The first comprised cash compensations and a resettlement package for locals living by the project site, and the second was a commitment to IDA's "safety-net" recommendations against possible pollution and environmental damage from the operation of the plant.

The Azito power plant is designed to boost Côte d'Ivoire's socio-economic base, by helping sustain its economic growth. Energy is the motor for economic development and no one can sustain economic growth without the security of sufficient energy, Mr. Mikhail notes. Azito, he adds, was conceived to offer that security to Côte d'Ivoire, in addition to the direct generation of savings in foreign exchange. Because the project will run on locally produced natural gas, a cost-effective power source, it is anticipated that the country will save up to $4 mn a year in fuel costs.

Furthermore, the project is intended to improve Côte d'Ivoire's supply of electricity to its rural areas, home to about 56 per cent of its rapidly growing population of 14.3 million. The project appraisal document indicates that the demand for electricity in the country is presently growing at an annual rate of 12 per cent. Under Côte d'Ivoire's rural electrification programme, about half the rural population now has electricity, World Bank sources say. It is expected that Azito, when completed, will help accelerate the programme, and also enable Côte d'Ivoire to export electricity to neighbouring countries.

Mr. Mikhail notes that the IDA loan guarantee is a facility that many private companies in other African countries can take advantage of, for the funding of projects with similar socio-economic value. He says infrastructural projects that can produce revenue and are, therefore, inherently attractive to investors, are especially favoured. ■

UNDP: doing development differently

Agency's commitment to Africa renewed, says Assistant Administrator Thelma Awori

By **Jullyette Ukabiala** and **Peter Mwaura**

At 6.00 a.m. on 19 February this year, the Director of the UN Development Programme (UNDP) Africa bureau, Ms. Thelma Awori, got a call from Eritrean and Ethiopian youths who wanted to meet in Nairobi to talk among themselves about peace. They wanted to know if UNDP Africa would support them.

"It made my day," Ms. Awori later told journalists. She was full of enthusiasm, not just for the proposal from the Eritrean and Ethiopian youths, but for UNDP's new approach to doing business, announced at a six-day meeting in Cotonou, Benin, just two weeks earlier. This new approach seeks to connect with the energies and aspirations of the African people and complement their abilities with UNDP resources.

Ms. Awori had just returned to New York from the meeting in Cotonou where 45 UNDP Resident Representatives in African countries reviewed Africa's development needs for the new millenium. The "Spirit of Cotonou," as UNDP's new direction in development is known, identifies not only new methods of work, but also new partnerships and priority areas in which the agency will intervene to specifically support Africa's own vision for "collective self-reliance towards peace and development."

"As I travel across Africa, I see a continent that is proud of its history, culture, and abundance of natural and human assets. I see a continent that is beginning to look to itself for answers."

— Thelma Awori
UNDP Assistant Administrator

UNDP is one of the most widely implanted development agencies in Africa. With a network of 45 country offices, 10 regional programme offices and two sub-regional offices (in Addis Ababa and Harare), UNDP focuses on critical issues ranging from poverty, gender equality and the empowerment of women to good governance and private sector development. At the end of July 1998, approvals of UNDP Africa projects amounted to $764 mn out of total authorized programming of $976 mn for 1997-2000.

UNDP's renewed emphasis on empowering African people has become necessary because past approaches have failed to eradicate poverty. Faced with the fact that Africa is the only continent where poverty is predicted to increase in the 21st century, Ms. Awori stresses that UNDP Africa must turn to those who know development best and who will ultimately reap the rewards of its success or pay the price of failure — Africans themselves.

At its meeting in Cotonou, UNDP identified "new kinds of development partners we want to reach out to, listen to better, talk to more, learn about more, who might help us to make our work much more effective," Ms. Awori explained. "We were trying to rekindle the spirit and the vision that Africa has always had and make that the energy that is going to move development in Africa."

UNDP will seek to forge new development partnerships with African youth, traditional leaders, churches and other religious groups. "We must integrate ourselves into the rich networks of existing grass-roots and community-based organizations," she emphasized.

"We speak about students as the future of Africa — another resource that is left unexplored and unattended. We have agreed to work more closely with students and I am very pleased because I look forward to the energy that they will add to the equation.

"We have not worked with traditional leaders much before and I think that they are an avenue of great potential. Traditional rulers have told us how they have organized to end misery and to work for peace. All the traditional rulers of Africa will be meeting in August, to talk about how they can work for peace. And we will try to ensure that we are there."

Ms. Awori mentioned that UNDP is now looking at ways in which it can work with African religious leaders, to draw on the wealth of experience that they have acquired. "We can learn a lot from them," she added.

In keeping with the "Spirit of Cotonou," UNDP Africa wants to debunk the widespread belief that Africa is synonymous with poverty. "There is nothing further from the truth," she said. "Africa is one of the richest continents in the world. And the people of Africa are extremely resourceful, creative and talented. How is it that we have talented and resourceful people living with great wealth around them, but still their conditions of life are so poor? How do you deal with that major contradiction? The new goal for Africa has to be to use the continent's wealth to improve living conditions."

Africans are looking elsewhere for salvation, depending on massive amounts of assistance from abroad, Ms. Awori points out. "How is it that a continent that is so wealthy must look outside for its own development? This is another contradiction that we have to resolve as we move into the next millennium."

Facing up to the consequences of the declining trend of official development assistance

Human poverty index
(1995; %)

Algeria	27.1	Malawi	47.7
Botswana	27	Mali	52.8
Burkina Faso	58.2	Mauritania	45.9
Burundi	49.5	Mauritius	12.1
Cameroon	30.9	Morocco	40.2
Central African Rep.	40.7	Mozambique	48.5
Congo Rep.	31.5	Namibia	30
Dem. Rep. Congo	41.1	Niger	62.1
Côte d'Ivoire	46.4	Nigeria	40.5
Egypt	34	Senegal	48.6
Ethiopia	55.5	Sierra Leone	58.2
Ghana	31.8	Sudan	42.5
Guinea	49.1	Tanzania	39.8
Guinea-Bissau	42.9	Togo	39.8
Kenya	27.1	Tunisia	23.3
Lesotho	25.7	Uganda	42.1
Libya	17.4	Zambia	36.9
Madagascar	47.7	Zimbabwe	25.2

The variables used are the percentage of people expected to die before age 40, the percentage of adults who are illiterate, the percentage of people without access to health services and safe water, and the percentage of underweight children under five.

Source: UNDP, Human Development Report 1998

(ODA) has been identified by UNDP as among Africa's most critical challenges — one of four priority areas under the "Spirit of Cotonou."

Accounting for the lion's share of external resource flows to Africa, ODA fell from $14.2 bn in 1992 to $12.8 bn in 1996. ODA flows have fallen far short of the $30 bn a year that some economists estimate is needed to reduce poverty in Africa. And although the General Assembly set an ODA target of 0.7 per cent of GNP for donor countries in 1996, these countries on average provided ODA equivalent to just 0.25 per cent of GDP.

"Declining ODA is a reality and I think it is important that Africans wake up to that reality," Ms. Awori emphasized.

Another priority area is to capitalize on globalization's opportunities while responding to its challenges. In his September 1998 progress report on the implementation of the UN New Agenda for the Development of Africa in the 1990s, Secretary-General Kofi Annan noted that globalization offers major economic and social benefits, such as access to larger financial savings, new export markets and new technologies. But in the case of Africa, he pointed out that globalization, in the short term, has led to a significant marginalization of the continent, largely because African exports are mainly primary products, with little progress made in diversifying into manufactured goods. Africa's export revenues have grown only marginally, due to price uncertainties associated with commodities and the negative impact of higher interest rates on export financing. In addition, he said Africa faces the risk of further marginalization if it fails to attract more foreign capital.

The "Spirit of Cotonou" states that UNDP must support African countries by helping them to develop and implement adaptive strategies to minimize the adverse fallout from globalization and take advantage of the opportunities. Second, and concurrently, UNDP will advocate for a process which integrates sustainable human development concerns in all aspects of globalization.

Africa's debt burden is a third priority area for UNDP Africa. External public debt reached $223 bn in 1997 and the Heavily Indebted Poor Countries (HIPC) initiative, established in 1996 to reduce the debt burden, has been largely ineffective.

UNDP Regina Chalsen

UNDP allocates a fifth of its funds to the advancement of women.

UNDP Africa argues that the debt overhang requires a radical solution. It aims to forge partnerships with Oxfam, the Third World Network, Jubilee 2000, and the UN Conference on Trade and Development (UNCTAD), to ensure a debt strategy that is "sustainable, comprehensive and pro-poor," Ms. Awori said. "HIPC is too little, too late, too slow. We believe that the debt should be cancelled completely. We would like to see Africa move into the new millenium with no debt."

The fourth priority area for the "Spirit of Cotonou" is a redoubling of UNDP's commitment to serve as a voice for the poorest of the poor and other marginalized groups, including women and those afflicted with HIV/AIDS.

UNDP already has been doing a lot of work with women, for which it allocates 20 per cent of its funds. "It is important that women know this," she said. "I don't think they know this. Therefore, they don't take advantage of it. They don't go to negotiate with their governments to make sure that they get at least that minimum of 20 per cent."

UNDP is deeply concerned by the recent increase in conflicts in Africa. "If conflicts continue at this rate, we will not be able to stem the rising tide of poverty," Ms. Awori said. UNDP Africa spends 37 per cent of its funds on governance, holding good governance forums, supporting initiatives by Africans working for peace, funding law and judiciary reforms, strengthening parliaments and assisting in police training.

While training local police was at first considered beyond the scope of UNDP's activities, Ms. Awori explained that "if the police don't do their work properly, the courts don't do their work properly, leading to conflict in society. So we have to get involved."

UNDP also has spent $8 mn helping West Africans to implement a moratorium on small arms. "And this is an initiative from one of the African leaders," Ms. Awori said. "We do have some good leaders out there, I must tell you, and we need to support them." ■

Source: UN Africa Recovery from OECD data

Africa seeks anti-desertification funds

International conference considers 'Global Mechanism' on funding needs

By **John Nyamu**

Funding issues dominated the African agenda at the second session of the Conference of Parties (COP-2) to the UN Convention to Combat Desertification (CCD), which met in Dakar, Senegal, from 30 November to 11 December, 1998. The urgent need for anti-desertification funding was driven by the continent's extreme poverty and relative lack of technical expertise.

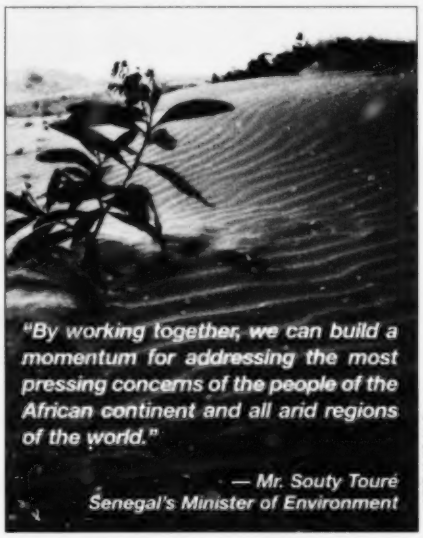
Due to desertification, African states spend an estimated $9 bn every year, more than half of all net official development assistance (ODA) to sub-Saharan Africa. This is a significant proportion of the $42 bn estimated by the UN Environment Programme (UNEP) as the annual income lost worldwide in areas affected by desertification. Also significant are the related economic and social costs suffered by neighbouring areas, including the influx of 'environmental refugees' and losses in national food production.

African delegates were also concerned about funding for national action plans and for a Global Mechanism in tackling desertification. Noting that such a mechanism would have no funds to lend or distribute, the convention's Executive Secretary, Mr. Hama Arba Diallo, said it would operate "rather like a goodwill organization." Its task will consist of "identifying the funding needs of the signatory countries and mobilizing funding possibilities for them from bilateral sources, financial bodies or institutions," he said. That fell well below the expectations of the African group, interested in immediate cash that was readily accessible, with non-discriminatory conditionalities, Mr. Diallo said.

Differences with developed countries

African concerns were partly shaped by pre-existing differences with developed countries on whether the CCD secretariat or the Global Mechanism should have priority in the allocation of funds contributed by new members of the convention. While African delegates favoured the Global Mechanism, developed countries opted for the secretariat. The discord dated back to COP-1, held in Rome in 1997, when the African stand had the support of the Group of 77 and China. Having not been resolved during COP-2, it is likely that the debate will be reopened at the third session (COP-3), to be held in Brazil towards the end of this year.

Besides funding, the African group also sought the implementation of the CCD, and maintained that the international community must accord it the same level of importance accorded the conventions on biodiversity and climate change. The CCD, adopted in June 1994, came into force in December 1996, with the aim of increasing the effectiveness of global actions against dryland degradation. It calls for national anti-degradation efforts actively involving local communities, and for donors to support affected countries and communities with financial and technical aid.



"By working together, we can build a momentum for addressing the most pressing concerns of the people of the African continent and all arid regions of the world."

— Mr. Souty Touré
Senegal's Minister of Environment

UN photo by John Isaac

During the conference, several countries presented their national action plans in the fight against desertification. Chad announced its information campaigns and workshops for concerned individuals and organizations. Mali outlined national reforms empowering local communities to take action and Eritrea reported ongoing consultations among its administrators and community leaders on the issue. Senegal, Burkina Faso, Kenya and Uganda also presented their national action plans, while the developed member states and UN agencies reported on their support to the affected countries.

Mr. Souty Touré, Senegal's Minister of Environment, who chaired the conference, was optimistic that "by working together we can build a momentum for addressing the most pressing concerns of the people of the African continent and all arid regions of the world." Similarly upbeat, Mr. Diallo said there was evidence at the conference that the convention was beginning to make an impact on the lives of people living in drylands. A round table of 21 parliamentarians meeting at the conference appealed strongly for sufficient resources to be provided for the implementation of the convention without delay, and called for a declaration next year of a decade to combat desertification.

Africa's drylands degraded

The significance of Dakar's hosting of the conference was underlined by the fact that Senegal, a victim of frequent droughts, is situated in the arid Sahel zone. The country's Prime Minister Mamadou Lamine Loum, who closed the conference, noted that the choice of venue demonstrated the international community's solidarity with a region that has suffered from desertification more severely than any other. Desertification in Africa has caused the degradation of more than 105 mn hectares since the 1970s, he pointed out. Almost three-quarters of Africa's agricultural drylands are already degraded, with 73 per cent of its dryland severely or moderately desertified. Only North America, at 74 per cent, is worse off.

A total of 1,200 people attended the conference, among them 500 delegates from 132 countries, observers from inter-governmental and non-governmental organizations and representatives from UN agencies and regional organizations. Major decisions adopted at the conference, relating to policy, technical and organizational matters, included the establishment of a committee on the Review of the Implementation of the Convention. It would consider national reports from the parties, the Global Mechanism and the secretariat, and would start work towards the end of this year.

The conference agreed that Bonn, Germany, should be the new headquarters of the secretariat with effect from January 1999. It also adopted the work programme of COP-3, which will review the implementation of the African national action plans. The fourth conference will be held in Paris next year, and will review the implementation of reports of affected countries from regions other than Africa. ■

AIDS hits Uganda's villagers

Crops left overgrown because labour goes into caring for the sick

By **Mercedes Sayagues**
Kampala

No crops have been planted in the last two years in Ana Nansubuga's 3-hectare plot in Masaka district, in southern Uganda. Nearby, three brick houses are closed up with boards. Ms. Nansubuga's eight children and their spouses are dead. Most had AIDS. Of 17 grandchildren, five have died of AIDS.

Ms. Nansubuga, 81 years old, looks after 11 children, aged 8 to 14. Relatives took the eldest away when he turned 18 and the land has lain idle since. The children are too young and she is too old to farm.

Ugandan society is patrilineal: the wife moves in with the husband but does not inherit his land. So Ms. Nansubuga's late husband's family will not let her sell the plot. But, because of AIDS, they lack hands to farm it and the children are hungry.

Today, an estimated 9.5 per cent of Uganda's 19 million people are infected with HIV. Half a million have died in the last decade. "In some villages, only children are left," says Ms. Connie Magomu Masaba, an officer with the Ministry of Agriculture. "AIDS has a big impact on the farming world."

Ana Nansubuga, 81 years old, with three of the 11 grandchildren she looks after, since most of their parents died of AIDS.

AIDS is usually seen in terms of public health costs and losses of skilled labour. But its effects on smallholder agriculture, although less obvious, are equally severe. "Global and regional AIDS conferences held since the mid-1980s rarely focus on the impact of the epidemic on rural livelihoods," concluded a conference on AIDS and African smallholder agriculture held in Harare, Zimbabwe, in 1998. Declining life expectancy (Uganda's dropped from 52 years in 1980 to 42 today) makes headlines. Declining food security does not.

Agriculture accounts for 70 per cent of Uganda's gross domestic product, 95 per cent of exports and 40 per cent of government revenue. Eighty per cent of the work force is employed in agriculture, and most are smallholders.

When a man is taken ill, the wife who nurses him lacks time to properly weed the maize field, mulch and pare the banana trees, dry the coffee, or harvest the rice. This means less food and less income from cash crops. Trips to town for medical treatment, hospital fees and medicines consume any savings. Traditional healers are paid with goats and chickens. When the man dies, farm tools are sold to pay burial expenses. Ritual mourning practices forbid farming for up to seven days. Precious time for farm chores is lost.

Unable to hire casual labour, in the next season the family plants a smaller area. Without pesticides, weeds and bugs multiply. Children drop out of school to weed, harvest, and shoo away crop-eating baboons and birds. Again, yields decline. With little homegrown food and without cash to buy fish or meat, family health suffers. If the mother becomes ill with AIDS, the cycle of asset and labour loss is repeated, often at a short interval.

> **"In some villages, only children are left. AIDS has a big impact on the farming world."**
>
> **— Ms. Connie Masaba**
> **Ugandan Ministry of Agriculture**

One study found that in the last 10 years in three communities with different farming systems, 45 per cent of households were cultivating smaller areas. Seventy per cent reported a decrease in the range of crops grown. More than half said they lacked labour.

Labour and capital shortages

Due to labour and capital shortages, families withdraw into subsistence food production. Overall production of cash crops drops. Smallholders grow Uganda's main export, labour-intensive coffee. Forty per cent of coffee plants are over 50 years old and need to be replaced. To boost coffee production, more labour is required. But the coffee-growing areas near Lake Victoria have the highest HIV/AIDS prevalence, and fewer adults.

In some areas of northern Uganda, millet and sorghum are left overgrown because labour is diverted to caring for the sick. Among pastoralists in the east, many adults die before they can hand down traditional skills in herd care.

Minister of Agriculture Israel Kibirige Sebunya paints a different picture: "At one time, we feared AIDS might have a dramatic impact on agriculture, but it did not happen." The minister refers to Uganda's impressive boost in agricultural production, thanks to privatization, better marketing, new cash crops and active farmers' associations.

The minister, however, is looking at the big picture. At the micro level, where Ms. Nansubuga and others like her go hungry, it is another story. "Our agricultural boom does not translate into better food security for rural households," says Ms. Stella Neema, a

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Pioneers in the control of HIV/AIDS

Uganda and Senegal show that infection rates can be reduced

By **Peter Mwaura**

High-level political commitment, coupled with prompt action in Uganda and Senegal, has shown that the AIDS epidemic can be contained and even reversed. Uganda has cut HIV/AIDS prevalence from double-digit figures to around 9 per cent (and in some age groups by half), while Senegal has stopped infection rates at between 1 and 2 per cent.

UNICEF / Jørgen Schytte

Serious and frank public information campaigns spread needed knowledge, particularly among the youth.

These two countries, with their differing HIV/AIDS incidence and prevalence, could serve as inspiring models for African countries where infection is still rising. Uganda has shown that the epidemic can be reversed, while Senegal has demonstrated that it can be stopped from taking a hold. Both countries have shown that Africans have the power to control and conquer the epidemic through public information campaigns – provided there is enough political will and investment of resources.

Uganda, perhaps the most notable example, was quick to accept the grave reality of the disease – which is mainly transmitted in Africa through heterosexual sex – and generated the will to fight it. When AIDS was first diagnosed in the country, the government promptly mounted a campaign to raise awareness and informed Ugandans with unusual frankness about how the disease is spread. Billboard warnings were prepared and set up everywhere. Messages on radio were constant. "Just assume that everyone is infected," warned one message that was repeatedly aired.

The disease was first detected in Uganda among the people living along the shores of Lake Victoria in the mid-1970s and came to be known as the wasting "slim disease." The first formal diagnosis was made in 1984. President Yoweri Museveni acknowledged the problem soon after coming to power in 1986 and although the country's infrastructure and health services were ravaged after 15 years of brutal civil war, his government set up a national committee for AIDS prevention that same year. He took a leadership role that has had a tremendous impact on the anti-AIDS campaign.

Sex discussed openly

In 1991, the campaign grew into an intensive multi-sectoral and multi-media saturation effort. Condoms were distributed and voluntary HIV testing carried out. Counseling and support services were provided, while pop songs, billboard and radio messages popularizing anti-AIDS messages were created. Drama performances and open-air seminars on sex education were held routinely.

The country's pioneering efforts in combating AIDS have changed social mores: teenagers are postponing sex, casual sex is declining, and unmarried adults are practicing abstinence. Once unheard of, more and more men and women of all ages are now using condoms. (Some 14 mn condoms were distributed in 1997 in a country of 19 million people.) And in a country where parents once would not discuss sex with their children, sex and HIV/AIDS are discussed almost routinely all over Uganda.

As a result, HIV/AIDS prevalence, which had soared until 1993, has been dropping for the last five years. HIV prevalence among women in urban antenatal clinics, for example, fell by half, from roughly 30 per cent in 1991 to 15 per cent in 1996. The estimated HIV infection rate at the end of 1997 was 9.5 per cent of adults aged 15-49. The decline in infection rates has been faster in the urban areas, where the public information campaign is concentrated, than in rural areas where infection rates have been relatively lower. Recent surveys indicate the following achievements:

- 98 per cent of Ugandans now know that HIV is transmitted mainly through sex, not witchcraft.
- The proportion of girls and boys aged 15 to 19 who have not had sex rose from 20 per cent in 1990 to 50 per cent in 1995.
- Among adolescents, 36 per cent of boys and 25 per cent of girls reported using condoms, compared to 15 per cent and 7 per cent respectively in 1989. For the 25 to 39 age group, 31 per cent of men and 19 per cent of women use condoms, compared to 11 per cent and 3 per cent in 1989.
- Smaller numbers say they have sex with non-regular partners. Among those involved in non-regular sex, 60 per cent have only one sexual partner. In 1989, the majority reported multiple sexual partners.
- HIV prevalence among pregnant women has dropped from 30 per cent some years ago to around 10 per cent.
- At clinics for sexually transmitted diseases in Kampala, AIDS infection rates have declined from 44 per cent in 1989 to 30 per cent in 1997.

Senegal ropes in religious leaders

When AIDS was detected in Senegal, the government also promptly organized an education and awareness campaign. Although with a population of only 9 million and far lower rates of HIV/AIDS prevalence than Uganda, mass media messages were similarly created, discouraging high-risk sexual behaviour and promoting the use of condoms. Media interventions, targeted information campaigns, and research activities were designed to help slow the spread of the HIV and other sexually transmitted diseases (STDs).

With donor and non-governmental organi-

zation support, Senegal established effective HIV/AIDS/STD services. A pilot project on social marketing of condoms exceeded its expected level of sales by 42 per cent in the first 10 months and condom sales soared from 800,000 in 1988 to 7 mn in 1997. Condoms are now available in 252 pharmacies and 80 pharmacy depots throughout the country. Senegal has also involved its religious leaders in the fight against AIDS. For example, it organized two national conferences on HIV/AIDS prevention in late 1995 and 1996 in which Islamic and Christian leaders became better informed about HIV/AIDS and identified their roles and responsibilities in preventive efforts. This was a first in Africa. In Kenya, for example, some religious leaders fight against the use of condoms and sex education.

In recognition of their commitment in the fight against AIDS in their countries, Presidents Yoweri Museveni of Uganda (left) and Abdou Diouf of Senegal received excellence awards at the seventh conference of the Society for Women and AIDS in Africa (SWAA), held in Dakar last December. Sustained preventive information campaigns and services have brought HIV infection rates down from double to single-digit levels in Uganda and kept infection rates extremely low in Senegal.

Senegal's strategic interventions to reach targeted groups with critical preventive information and services have ensured that national rates of HIV/AIDS prevalence have remained low — at around 1.7 per cent (1998 figures).

The bold, innovative and pioneering efforts of both Uganda and Senegal in combating AIDS have received international recognition. In December 1998, the seventh conference of the Society for Woman and AIDS in Africa (SWAA), held in Dakar, presented both President Yoweri Museveni of Uganda and President Abdou Diouf of Senegal with excellence awards in recognition of their commitment in the fight against AIDS.

The example provided by Uganda in particular has attracted the attention of other countries and researchers. During an experts' panel discussion at the SWAA meeting, Ms. Noerine Kaleeba of the Joint UN Programme on HIV/AIDS (UNAIDS) said that African countries need to copy Uganda's anti-AIDS strategy. And World Bank HIV/AIDS Coordinator Debrework Zewdie recently told *Africa Recovery* that the Bank is trying to determine why infection rates have been going down in Uganda. "The findings will be useful not only for the Bank's projects in Uganda but in other countries as well," she said.

Governments should invest more

For Dr. Peter Piot, executive director of UNAIDS, the solution to the HIV/AIDS epidemic is in Africa itself already. The problem, he says, is that "we are not doing enough." Citing Uganda and Senegal as inspiring examples, Dr. Piot urges African states to take HIV/AIDS more seriously and invest more resources in prevention campaigns. These should include the promotion of abstinence, faithfulness to single partners, the widespread distribution of condoms and sex education to teach young people how to avoid the virus.

Dr. Piot says infection is still rising in sub-Saharan Africa because what is being done for prevention is "fragmented" and "not enough." The situation could get worse if efforts are not made — from the highest level of government to the grassroots population — to recognize the disease as "a major impediment to development," he says. "There is need to make HIV discussable at all levels ... involving community and religious leaders. Currently the disease is still too hidden."

Governments "don't have to wait for many people to die of AIDS before acting decisively," Dr. Piot adds, pointing to the vigorous preventive campaign Senegal waged before the epidemic struck. This effort resulted in the country's low HIV prevalence rate of between 1 per cent and 2 per cent.

African states should introduce sex education programmes in schools, intensify the distribution of condoms and remove barriers that prevent HIV-positive people from going public, Dr. Piot concludes.

He says although Africa now has the largest number of HIV cases worldwide, the continent has the ingenuity and resources to overcome the pandemic. "Africa will survive this tragedy just as it was able to emerge from other natural and man-made disasters, including colonialism and slavery," he told the Pan African News Agency in a recent interview. But he warned against expectations of quick results. "This is an affair of changing people's behaviour. It took Uganda 10 years to start seeing changes," he pointed out. ■

AIDS in rural Uganda

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researcher with the Institute of Social Research at Makerere University in Kampala. Data from 1995 show that 38 per cent of Ugandan children are stunted. Forty per cent of under-fours have chronic malnutrition.

Mr. Gary Howe, director for Africa at the UN's International Fund for Agricultural Development (IFAD), says AIDS has brought "a divergence in opportunities: a large sector of the population has no access to the new crops and markets, coupled with an acute crisis of labour and tremendous dependence of households on single women and the elderly."

However, Mr. Howe says agricultural productivity can be increased through better crop management and plant varieties with higher productivity and weed and pest resistance, but less demand for labour. One example is a new strain of cassava, recently introduced in the country, which is resistant to mould disease.

Still, Uganda's farming systems are not the most vulnerable to the AIDS pandemic in Africa. Uganda has fertile soil, a tropical climate, abundant rains, plenty of land, and a staple diet based on drought-resistant and low-labour cassava, sweet potato, millet and green bananas. But in the rain-fed, maize-based cropping systems of West and Southern Africa, AIDS spells a disaster. If terminal sickness and burial coincide with certain tasks, like weeding and harvesting, the crop is compromised.

Experts in smallholder agriculture stress that farmers need farming techniques that require less labour, such as zero tillage, and less expensive inputs, including natural pest control. ■

Strategies for funding development

African ministers gather at ECA to discuss domestic and external resource mobilization

By **Jacqueline Irving**

Senior African policymakers and their development partners will meet in Addis Ababa on 6-8 May to make recommendations on how Africa can attract aid and use it more effectively, increase private capital inflows and mobilize domestic savings. Finding lasting solutions to the debt crisis will also be discussed at this Joint Conference of African Ministers of Finance and Ministers of Economic Development and Planning, organized by the UN Economic Commission for Africa (ECA).

Taking place against a backdrop of declining official development assistance, increasing globalization of financial markets and the aftershocks of the global financial crisis that began in Asia in 1997, the conference will serve as a forum for exchanging ideas on the theme of "Challenges of Financing Development In Africa."

World Bank / John Moss

Among the objectives of resource mobilization are building and maintaining infrastructure.

For the foreseeable future, the ECA stresses, African development will continue to rely on significant levels of external assistance. Meanwhile, aid has dipped to the lowest point in its 50-year history and developing countries are being forced to compete for their share of a shrinking pie. Africa's share of official development assistance (ODA), which makes up the vast majority of external resource inflows, declined from $14.2 bn in 1992 to $12.8 bn in 1996. In view of this downtrend, much recent discussion in development circles has turned to how available aid can be used more effectively. This issue becomes critical in the light of the possibility that donors could become increasingly selective in their aid allocations.

A related issue is the need for African countries to take steps to gradually reduce their dependence on aid, whether or not ODA is declining. It has been argued that continued aid dependence risks derailing development progress achieved so far. Some also affirm that the adjustment associated with a gradual reduction in aid dependence need not be painful if the international development community grants more extensive debt relief, uses aid as a reward for policy reform instead of as an incentive for policy reform, and grants more trade-aid packages offering reciprocal benefits. At the same time, it has been argued that the transition will be facilitated if African countries embrace policies that better mobilize domestic savings for development.

Private capital flows to emerging-market countries plunged from $240 bn in 1996 to $70 bn in 1997, largely the fall-out from the Asian financial crisis. Recognizing that the current international financial environment makes it difficult to attract more private capital for development financing, ECA will invite African ministers to share their experiences in this area during the April conference. Other topics include the costs and benefits of different types of foreign direct investment (FDI), and successful policies for attracting FDI.

ECA considers national policies that foster the transition from aid dependence to reliance on private capital as crucial for sustaining development in the long term. The conference will provide an opportunity to discuss strategies for attracting non-speculative private capital from abroad as well as strategies that promote domestic resource mobilization. African policymakers and their development partners will be invited to discuss policies that raise private domestic savings levels by increasing savings incentives and bolstering savings institutions. Anticipating a future of rising private foreign capital inflows to Africa, the conference may also draw on lessons learned from the Asian financial crisis in order to safeguard against the possibility of a similar crisis hitting African financial markets.

Africa's debt burden

Another major conference topic will be debt, long acknowledged as an impediment to development as well as a disincentive to direct investment from domestic and foreign sources. African ministers are likely to review the progress of the Heavily Indebted Poor Countries (HIPC) initiative in reducing Africa's debt burden since they last met in March-April 1997, taking note of the recent call for a comprehensive review of the HIPC initiatives by the governing boards of the World Bank and International Monetary Fund. Ministers are also likely to discuss ways of improving the effectiveness of the HIPC package. ECA, for one, has urged that debt reduction should be more explicitly linked to poverty eradication policies.

ECA says the conference aims to ensure "maximum dialogue and exchange of views" among African finance ministers, ministers of economic development and planning, central bank governors and other key policymakers, together with their development partners. To this end, a meeting of technical experts will be held the week preceding the conference.

Other items on the conference agenda include the presentation of a report on coordination and collaboration among UN agencies at the regional and subregional level in Africa, as well as a progress report on the rationalization of ECA-sponsored institutions. ■

Women aim to transform Mozambique

Cooperative union promotes development and women's leadership

By **Ernest Harsch**

Founded by poor women during the worst years of Mozambique's civil war, the General Union of Cooperatives of Maputo (UGC) is today one of the capital's premier agricultural businesses, supplying much of its fruit, vegetables and chickens. The cooperative union's example shows that "there is no development of a community, of a country, without the contribution of the women themselves," UGC President Celina Cossa told *Africa Recovery*.

Approximately 85 per cent of the UGC's 6,000 members are women. Their average income is some 50 per cent higher than the national minimum wage. "If we take into consideration that the majority of our members are illiterate, middle-aged women, and therefore very rarely recruited for any job," notes Ms. Cossa, "we can evaluate the important role played by our cooperatives in the economic and social life of the most vulnerable people, and women in particular."

Although the UGC is based primarily in Maputo's suburban "green belt," its prestige around the country has been so great that Ms. Cossa was chosen to head the National Farmers Union (UNAC) when it was launched in 1993. The experience, training and level of organization of the UGC members make their association a leading component of the national union.

Through production, a woman "recognizes her role in the transformation of society. She is no more a passive component but a participatory component of the community," Ms. Cossa emphasized at an early October 1998 ceremony in New York, during which she was awarded the Africa Prize for Leadership for the Sustainable End of Hunger by the Hunger Project, a New York-based non-governmental organization.

The Hunger Project - Linda Llewellyn

Celina Cossa, winner of the Hunger Project's 1998 Africa Prize for Leadership for the Sustainable End of Hunger.

Diversified activities

When the UGC was first launched in 1980, many of its founding members were widows or had been left behind by husbands working in South Africa as migrant labourers. Over time, the cooperatives belonging to the UGC became the capital's foremost suppliers of agricultural produce.

In the late 1980s, as the government shifted to a policy of economic liberalization, the UGC reorganized, placing greater emphasis on financial autonomy. It transformed itself from a collective production cooperative into a service cooperative, with individual members working on their own plots, supported by the UGC's training, credit and other facilities.

Access to credit and land

Raising poultry emerged as a new — and very lucrative — focus. With financing from its own resources, the World Bank and other sources, the UGC invested in hatcheries, feedmills, poultry farms, abattoirs and even a small veterinary laboratory to guard against poultry diseases. UGC members now have the capacity to produce 300,000 birds per month, selling both chickens (live and slaughtered) and eggs.

In addition, UGC cooperatives engage in handicrafts, carpentry and, to a small extent, cattle breeding. Services offered to its members include childcare as well as technical and management training, literacy classes, and general education. Women's education is particularly vital for the country, notes Ms. Cossa, since it helps "train them as leaders of their communities."

Securing access to credit and land — two of the UGC members' most important resources — has not been easy. UGC members generally are unable to secure bank loans directly, since they lack the collateral required by the banks. But the UGC's Savings and Credit Department, through a combination of outside financing and the mobilization of members' own savings, has been able to meet most of their financial needs. Over the period 1994-96, it charged UGC members an average interest rate of 20 per cent, compared with the 46 per cent rate charged by banks in 1996.

Most credit is in the form of inputs, however, used mainly for poultry-raising activities. At the end of the six-week production cycle, when the women have sold their chickens, "they come to us, we add up all the inputs, we are paid back for the inputs, and then the profits go back to those who generate them," Ms. Cossa explains.

The UGC also has made progress in guaranteeing its members' access to land. In the early 1990s, as Mozambique moved toward a market economy, the previous system of state ownership and informal land occupation was challenged by those seeking to secure individual land titles. Since many UGC members worked land that had been abandoned by Portuguese settlers at the time of Mozambique's independence in 1975, and therefore lacked clear titles to their plots, this process of "legalization" was seen as a threat. "When we saw there were risks we might lose the land," notes Ms. Cossa, "we took our measures in time." The union helped its members acquire land surveys and other documentation needed to secure titles.

Through UNAC, the UGC also influenced the new land tenure law adopted by parliament in July 1997. The law retains formal state ownership of land, but individuals may secure use and occupancy rights. And although it makes reference to "customary" land practices (which discriminated against women's access to land), the law specifically asserts that such practices cannot violate constitutional guarantees of gender equality. It stresses women's equality with men in acquiring land titles and also insists that land must be inherited "independent of sex."

The government, asserts Ms. Cossa, "is respecting grassroots decisions over the ownership of land." One reflection of this, she notes, is that it brought the UGC onto the committee overseeing the land act's implementation.

Through such broader influence and its own successful production activities, the UGC has shown that Mozambican women can do far more than cook, sew and bear children, Ms. Cossa concludes. ■

Hope prevails in Sierra Leone

Despite continuing warfare and atrocities, the people's spirit has not been broken

UNICEF / Giacomo Pirozzi

Sheku, 17, lost both hands to rebels' machetes during an attack on his village. After they cut off his hands, he begged the rebels to kill him, but they refused. Once he has been fitted with prosthetic hands, he hopes to return to school.

By ***Ruth Ayisi***

Sheku, 17, is now thankful that his wish to be killed was not granted. Staring wistfully into space, he recounts the events of last April in his village in Kono district in the eastern province of Sierra Leone. "The rebels came at night, and rounded us up. There was a discussion about what to do with us. After a long time, they decided to strip us and cut off our limbs." He paused, and for a while, it seemed too painful for him to continue. But he did, unprompted. "After they cut off both my hands with a machete, I ran after them, begging for them to kill me. But they refused."

Some of those mutilated died from their wounds, but Sheku managed to get help from his uncle, even though his uncle did not recognize him at first. "He was frightened of me as I was naked with no hands," said Sheku, who spent the night in the bush with his uncle before being flown to the capital, Freetown, by ECOMOG, the Nigerian-led regional intervention force. Only then did he receive medical treatment.

Sheku is just one of thousands of victims of atrocities committed by rebels of the Revolutionary United Front (RUF) who continue fighting ECOMOG in alliance with remnants of the ousted Armed Forces Revolutionary Council (AFRC). We met him in one of the camps for displaced people in Freetown as he waited, along with some 253 other amputees, for artificial limbs. The rebels have even chopped off babies' limbs, and rounded up entire families, locking them in their homes before burning them alive.

Besides this relatively recent spate of atrocities, almost seven years of war have devastated Sierra Leone, which is otherwise rich in natural resources, including diamonds and fertile land. Already inadequate health services have largely been destroyed. Now, only 10-15 per cent of Sierra Leone's people have access to basic health care, and some 316 children out of every 1,000 die before their fifth birthday, compared to 61 in Kenya.

The country now has one of the world's highest maternal mortality rates, with an estimated 1,800 of every 100,000 women dying in childbirth. This nearly happened to Ms. Kadiatu Sama, whom we met sitting on her bed at a hospital in Bo, a five-hour drive south from Freetown. She had had 13 pregnancies, but only five children survived. Sama was trying to come to terms with delivering a stillborn child. She had had an obstructed delivery and, having had no prenatal care, was lucky to be alive.

The education system has also suffered, with many schools destroyed, teachers killed or displaced and perhaps some 6,000 children recruited into armed forces. Today, over 55 per cent of children aged 6-14 years are out of school.

Yet, in the midst of this misery, there are many examples of dedicated efforts by the government, UN agencies, local and international non-governmental organizations (NGOs) to rebuild the country. For example, UNICEF is supporting the government with mass immunization campaigns in safe areas. The government has worked with local communities to chlorinate wells to prevent cholera outbreaks and other diarrhoeal diseases. International NGOs work long hours with local nurses at therapeutic feeding centres for the severely malnourished children.

Child victims of war benefit from a remarkable project run by a local NGO called Christian Brothers. With UNICEF support, the organization has reunited with their families hundreds of children separated from them during the war, or found them homes with foster parents. The children are given the chance to go back to school and to learn vocational skills. But reintegrating some of the former RUF child soldiers in their own communities has not been easy due to the atrocities they may have been forced to commit.

Some families reunited

Still, there are success stories, like that of 17-year-old Moses (whose name has been changed for his own protection), who was abducted by the rebels when he was 13 years old. Using a hot iron, the rebels branded the initials RUF on Moses' chest for trying to escape. He has now been reunited with his family. "I felt that my parents might not want me back," he said as he posed for a photograph, arm-in-arm with his parents.

"We need an end to these appalling atrocities," says Mr. Tony Bloomberg, UNICEF Representative in Sierra Leone. "And we need peace. But we are heartened by the commitment of most Sierra Leoneans. Despite this suffering, the nation's spirit has not been broken. Admirable efforts are being made daily by Sierra Leoneans to build a better future for the children."

Sheku himself is positive and determined to be part of that rebuilding process. "I have been promised artificial hands, and then I can be of use again," he said. "And I would like to return to school…I don't have feelings of revenge. It does not serve my country. Everything is the will of God. He has taken care of me so far. I thought I would have died," he added. ■

Impetus towards a mine-free world

First land mine convention meeting scheduled for Maputo in May

By **Jullyette Ukabiala**

Following the entry into force of the Anti-Personnel Mine (APM) Convention in March this year, the signatories are set for their first meeting in Mozambique. Scheduled for 7-11 May in Maputo, the meeting will explore a workable plan for implementing the Convention's world-wide ban on the production and use of land mines.

Mozambican diplomat and one of the organizers of the meeting, Mr. Fernando Chomar, told *Africa Recovery* that some 650 people are expected to attend the meeting. They will comprise mainly delegates from the 133 countries that have so far signed the Convention, international and regional organizations, and specialized UN agencies. He said the meeting is expected to produce a "Maputo Declaration" reflecting the commitment of the signatories to the Convention.

Mr. Chomar said his country was considered ideal for hosting the meeting because it is one of the most affected by land mines. He adds that it was also considered appropriate to meet "on African soil," because the land mine scourge is a matter of grave concern for all Africans.

The impact on Africa

The UN estimates that there are some 110 mn land mines scattered in 70 countries. Of those, about 44.8 mn are buried in 11 African countries, and by far the worst affected are Angola, Egypt and Mozambique (see table). The mines in Angola and Mozambique are among the legacies of the bitter civil war fought in both countries, which ended in Mozambique in 1992 and has recurred in Angola. The bulk of those in Egypt were laid during the Second World War, with others laid during the Arab-Israeli wars that took place between 1948 and 1973.

In conflicts, APMs are mostly deployed by being buried in the ground, and are detonated when stepped upon or moved in any way. They are designed to kill or disable their victims permanently, often by shattering one or both limbs beyond repair. The International Committee of the Red Cross states that there are some 250,000 land mine amputees in the world, comprising mostly civilians, including children. The most severe impact in Africa has been on Angola, which has about 23,000 amputees (one out of every 470 people) and Mozambique, where land mines have claimed over 10,000 lives. Casualties are still mounting, mainly because many mined areas are unmarked and the mines remain active for many decades.

The economic impact is such that food production in affected Angolan cities has been reduced by more than 25 per cent, yet Angola has had to keep a relatively low profile regarding the Convention, says Mr. Arcanjo Maria Do Nascimento, an Angolan diplomat at the United Nations. "Mozambique has peace and can concentrate on the issue more actively. Right now, we have war going on," he notes. Mr. Do Nascimento points out that Angola has done a lot of mine clearing, working with UN teams and concerned non-governmental organizations (NGOs). "Following renewed fighting, however, the process is now hampered," he told *Africa Recovery*. He said his country would be sending a "high-powered" delegation to the Maputo meeting, to explore how participants could increase support for land mine victims, in such areas as rehabilitation, medical supplies and special education.

Land mines in Africa

Angola	15,000,000
Chad	70,000
Egypt	23,000,000
Eritrea	1,000,000
Ethiopia	500,000
Liberia	18,250
Mozambique	3,000,000
Namibia	50,000
Rwanda	250,000
Somalia	1,000,000
Sudan	1,000,000
TOTAL	44,888,250

UNICEF/P. Magnin

Table source: UN Demining Database

Funding for demining is critical due to the astronomical costs involved, forcing it to become a humanitarian emergency on the international agenda. Contributions to the Voluntary Trust Fund for assistance in mine clearance stood at $49.5 mn in February 1999. The UN states, however, that approximately $33 bn would be needed to rid the world of land mines. Once the Convention is being implemented, more contributions are likely, says Mr. Chomar.

Both he and Mr. Do Nascimento acknowledge that support from African states has mainly come from South Africa, as the great majority of the others lack the financial capacity to assist Angolan and Mozambican demining programmes. South Africa's commitment reflects its own direct experience of the land mine problem (although on a relatively modest scale), due to its many decades of internal conflict, as well as its involvement in the Angolan and Mozambican conflicts. Africa Watch, the human rights NGO, states that many of the mines laid in both countries came from South Africa.

South Africa and Egypt are Africa's major producers and exporters of land mines. After initial reluctance to support the global anti-land mine movement, South Africa made a dramatic shift in 1996 and announced a permanent ban on mines, along with the decision to destroy its stockpile.

The adoption of the convention in September 1997 was the culmination of increasing international concern over the humanitarian crisis caused by land mines. Key provisions of the Convention include a comprehensive ban on all anti-personnel mines; destruction of stockpiled mines within four years; removal and destruction of mines already in the ground within 10 years; and encouragement of mine-clearing assistance from capable countries, governmental organizations and NGOs.

Angola and Mozambique see the coming into effect of the Convention as a momentous development. "It is bound to further raise international awareness about the terrible impact of land mines," says Mr. Do Nascimento. Similarly, Mr. Chomar notes, "the Convention will provide the impetus towards a mine-free world." Egypt is relatively less sanguine. Although it pledges support for international demining and related humanitarian objectives, it regrets that the Convention did not specify that the primary responsibility for demining affected countries lay with those that planted the mines in the first place. ■

UN mission in CAR makes progress

Central African Republic parties take advantage of international presence to make peace

By **John Nyamu**

With renewed fighting in Angola and the termination of United Nations peacekeeping operations there, scant international attention has been paid to the success of another significant UN presence in Africa. The UN Mission in the Central African Republic (MINURCA), which Under-

UN / Evan Schneider

Secretary-General for Peacekeeping Operations Bernard Miyet described as an example of the UN's continuing key role in maintaining international peace and security, has been a significant force for stability since the 1996 military crisis that plunged the country into political paralysis. MINURCA helped organize the legislative elections held on 22 November and 13 December 1998, and it continues to coordinate training for the national police and gendarmerie, among other tasks.

The elections seemed inconclusive — the government and opposition won 54 and 55 seats, respectively, in the 109-seat legislature. However, says Ambassador Oluyemi Adeniji of Nigeria, the UN Secretary-General's Special Representative, they gave the country an opportunity to realize the importance of "consensus, cohabitation and cooperation."

On 26 February, the Security Council accepted Secretary-General Kofi Annan's recommendation that MINURCA's mandate — due to end on 28 February — be extended until 15 November. The Council also authorized MINURCA to play a supportive role in the presidential elections scheduled for October. But that would mark the end of the mission's mandate, the Council added.

In his latest report on the situation in CAR, Mr. Annan had said that the mission should continue to facilitate the resolution of the country's political, economic and security problems. The mission also should help the government establish a "secure environment for the elections and should monitor and verify their conduct." Assistant Secretary-General for Peacekeeping Operations Hedi Annabi in turn said that the Council's response to the recommended extension of MINURCA's mandate depended on concrete actions by the government to address concerns that had led to the crisis in the country.

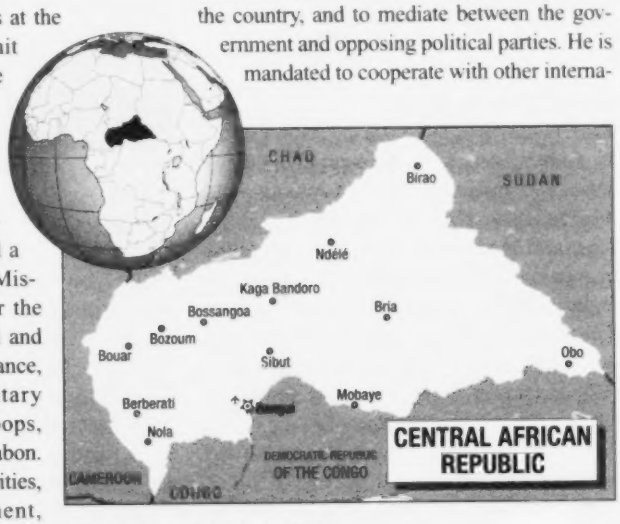
The crisis erupted in late 1996, when some members of the armed forces staged three successive mutinies, expressing widespread public discontent over social and economic issues, such as outstanding salary arrears. The crisis threw the country's security forces into chaos, resulting in a breakdown of law and order and a proliferation of armed militias comprising political factions opposed to the government of President Ange-Félix Patassé. This, in turn, led to an influx of weapons, many of which got into the hands of civilians.

MINURCA steps in

In December 1996, leaders at the 19th France-Africa summit decided to mediate in the conflict. Their efforts led to the government and opposition groups signing the Bangui Agreement in January 1997. Subsequently, they established a six-nation Inter-African Mission (MISAB) to monitor the agreement. With logistical and financial support from France, MISAB created a military force of 800 African troops, under the command of Gabon. Together with CAR authorities, it initiated a disarmament, demobilization and reintegration exercise in which up to 93 per cent of heavy weapons and about 58 per cent of light weapons were retrieved from former mutineers, militias and other unlawfully armed people in the country.

The need for MINURCA's deployment arose in step with France's planned withdrawal of support for MISAB by mid-April 1998, which could have meant the collapse of the inter-African mission. One of MINURCA's key roles was to supervise and monitor the storage and final disposition of those weapons. It was also to help coordinate a police training programme, and to give advice and technical support to the national electoral bodies.

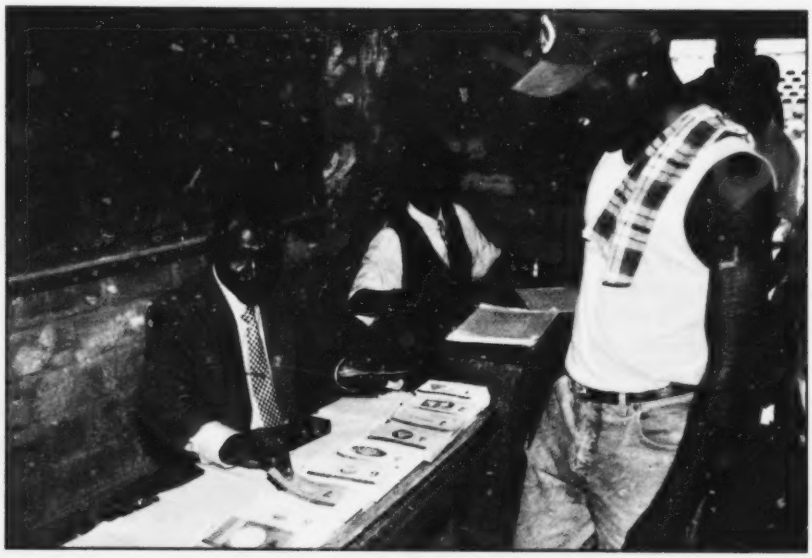
Established by the Security Council on 27 March 1998, MINURCA was deployed on 15 April 1998 for an initial period of three months. Since then, its mandate has been extended thrice. With headquarters in Bangui, the mission has a total of 1,369 military and police personnel, comprising 24 civilian police and 1,347 soldiers, under the command of Brigadier-General Barthélemy Ratanga of Gabon. Ambassador Adeniji told *Africa Recovery* in a telephone interview, "This is practically an all-African mission and I have been impressed by the determination of people to make it work, and to show that given the necessary support by the international community, these (African) conflicts can be managed by Africans." His duty is to promote reforms for national reconciliation, security and stability in the country, and to mediate between the government and opposing political parties. He is mandated to cooperate with other international organizations to establish the foundations for lasting peace, national reconstruction and development.



Based on Map no. 4048, United Nations
The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Ambassador Adeniji said MINURCA's civilian police officers have drawn up an extensive re-training programme, which has so far turned out 180 gendarmes and more than

150 policemen. He felt that the mission would be able to train up to a third of the police and gendarmerie by the end of this year. On capacity-building in other areas, he noted a great need to strengthen the electoral authorities. "The capacity of the National Assembly to do its work, the materials necessary for effective performance by the parliamentarians, in particular, the capacity of those who service the national legislature, all have to be built up," he said.



UN / Evan Schneider

The UN helped organize and supervise legislative elections in Central African Republic in November and December 1998.

Limited mandate

MINURCA faced two types of difficulties, Ambassador Adeniji said. The first was linked to the mandate itself and the second concerned the situation within the country. The restricted nature of the mandate limited the mission's impact, making it necessary for the Secretary-General to recommend that it deploy in five locations in the country, in order to facilitate the work of international observers during the legislative elections. A related problem was the piecemeal expansion of the mandate. "All those areas of peace-building which really ought to have been integrated into the mission at the beginning were not. It is only piece by piece that in successive resolutions these were added," he remarked.

Geographical and infrastructural handicaps in the country aggravated the mission's difficulties, Ambassador Adeniji said. "Being a land-locked country, everything either had to be flown in or transported by road from the nearest port in neighbouring Cameroon. It takes ages. The roads are very bad so there is usually considerable delay in getting the materials we need to operate." Other problems stemming from local conditions, he said, included post-conflict distrust and suspicion, so great it has required constant mediation to get anything done.

Compared to the situation in Angola, Ambassador Adeniji stressed, however, that CAR leaders deserve credit for their political will to resolve their many problems peacefully. The opposition in Angola had managed to obtain the vast resources required to mount military operations, and had also enjoyed external assistance, he said, adding, "Fortunately, such resources are not available here, and so far, there is no evidence at all of an external dimension to this crisis." Because the CAR conflict has been internal, it has been easier to manage, in terms of convincing all sides that they have no choice but to make what they have work, Ambassador Adeniji noted. He said the CAR parties have also demonstrated the willingness to take advantage of the presence of the international community, unlike in Angola where the government was pressing the UN to leave.

Although the CAR, comprising several ethnic groups, is one of very few African countries with a national language (Sango), Ambassador Adeniji said ethnicity still emerged as a major factor in the crisis. The military rebellion, for example, was linked to the desire of the dominant group in the army to maintain that domination. Regionalism, pitting the northern savanna people against the southern riverine population, was another factor. He pointed out that the Security Council should note that a credible and large deterrent capacity was vital for the success of peacekeeping missions. In this regard, he stated that MINURCA's force level was not adequate. "It has been able to be effective because it has been given a limited mandate, but in a country of this size, and given the enormity of the initial threat to peace and security, a larger force would have been even more effective," he said.

"This is practically an all-African mission and I have been impressed by the determination of people to make it work."

— Oluyemi Adeniji
Secretary-General's Special Representative

Ambassador Adeniji emphasized the advantages of effective communication between the mission and the leaders and people of CAR, especially in averting a misunderstanding and misinterpretation of the mission's role. "Shortly after we came here, Radio MINURCA was established. That has been a major influence in promoting nationwide awareness of the positive role of the UN. The people now prefer it to other radio stations because they believe they will get impartial and objective reporting of international and national events." He acknowledged the possibility of CAR being drawn into a regional conflagration, especially as the government had concluded a defence agreement with the strife-torn Democratic Republic of Congo (DRC). On that basis, the country provided logistical support to the DRC, and allowed its territory to be used by DRC troops in their war against rebels opposed to President Laurent-Désiré Kabila's leadership. "We in MINURCA have always cautioned the government here that it can least afford to be embroiled in this conflict, and we have been assured that it is not the intention of the government to get involved deeply," he said.

Ambassador Adeniji noted that the problems of CAR had been exacerbated by conflicts in neighboring countries. He drew attention to a large number of refugees from Sudan, DRC and Republic of Congo, adding, "there are some from the old [1980s] Chadian crisis who have not gone back to Chad. In the first weeks of this year, the DRC conflict virtually moved next door, with an influx of some 8,000 refugees into CAR over a single weekend." He said this has been a major reason why CAR and its neighbours favour a continued UN presence in Bangui. ■

Africa's growth slowed in 1998

Falling commodity prices and Asian crisis among main causes

By **Henk-Jan Brinkman** and **Carl Gray***

While seven countries recorded per capita GDP growth rates of 3 per cent or higher in 1998, growth slowed in the majority of African countries. Mainly external factors such as slower growth of the world economy, declining commodity prices and, to a lesser extent, the contagion effects of the Asian financial crisis, were blamed for the slowdown. The El Niño weather pattern adversely impacted eastern and southern Africa, while civil strife and political turmoil disrupted economic activity in a number of countries.

At 2.6 per cent in 1998, average GDP growth for all Africa was down by a negligible 0.1 percentage point from the 1997 figure. But annual output needs to grow by at least 2.6 per cent in Africa to prevent a deterioration in output per person. And although 1998 marked the fourth consecutive year that GDP per capita did not fall — a trend not seen since the late 1970s — GDP growth fell far short of the 8 per cent annual rate prescribed by the World Bank to significantly reduce poverty levels in the region.

Continued vulnerability

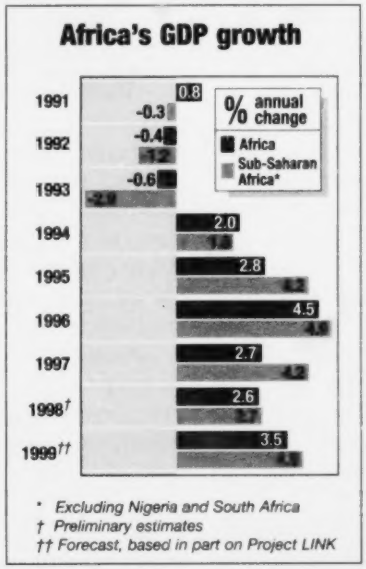
Last year's economic performance highlights the continued vulnerability of Africa in several areas. For example, many African economies are held back by the lack of diversification and the high price volatility of primary commodities, which still account for 70 per cent of total African exports. And because the agricultural sector tends to account for a large portion of GDP, bad weather takes an especially harsh toll.

On a brighter note, most countries maintained prudent monetary and fiscal policies and deepened structural reforms. Inflation continued to slow in most countries, mainly due to generally good food harvests and lower import prices for food, fuel and manufactured goods. At 10.8 per cent, all-Africa inflation reached its lowest average rate since 1973.

Because Africa is not yet well integrated into global financial markets, it has been somewhat insulated from the most severe effects of the Asian financial crisis. Nevertheless, African economies have been hit by shrinking export volumes and lower export prices.

African economies rely heavily on revenues from trade with countries outside the region — nearly 90 per cent of African trade is with the rest of the world. Total African export revenues fell by nearly $14 bn in 1998, to just over $112 bn — an 11 per cent drop from the 1997 level — mainly due to price declines. But because import prices fell as well, the drop in the terms of trade (export prices against import prices) for Africa as a whole was not as steep as the fall in export prices.

The oil-producing countries were hit hardest, as oil prices dropped over 30 per cent last year. Generally, lower revenues from fuel exports caused trade and budget deficits to expand (or surpluses to narrow in the fuel-exporting countries). As the effect of lower oil prices filtered through the economies, GDP growth slowed in most fuel-exporting countries in 1998. Indeed, only a few countries — Algeria, Angola, Republic of Congo, Equatorial Guinea — increased oil output. Yet, two oil-producing countries — Cameroon and Egypt — succeeded in sustaining GDP growth at about 5 per cent in 1998, helped by foreign investment inflows.



Source: UN Africa Recovery from UN DESA data

Falling prices and weak demand for non-fuel primary commodities also depressed export revenues, despite higher export volumes in certain cases. In addition, mining output declined in some countries as a result of insecurity as well as previously inadequate investment in upgrading and modernization of plant, while agricultural output suffered from adverse weather. Copper export receipts dropped in Zambia by more than 20 per cent in 1998 because of lower prices and volumes. Lower oil and non-oil commodity prices might also divert foreign direct investment (FDI) from energy and mining — the destination of much new FDI in recent years.

Steep Asian currency devaluations, together with global markets characterized by excess supply and reduced demand, have intensified competition for export markets. Kenya, Mauritius and Zimbabwe, with relatively large manufacturing sectors, faced increased competition from low-cost Asian exports in their own and in third-country markets. Mauritius, however, turned threat into opportunity by further streamlining its export-processing zone operations to boost productivity.

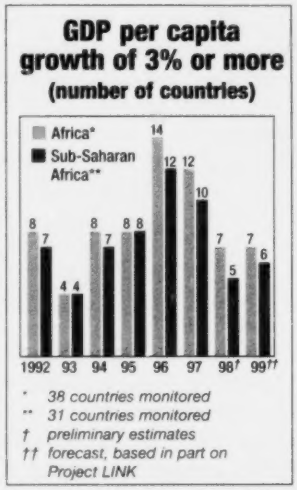
South Africa has borne the brunt of the direct financial contagion effects of the Asian crisis, although foreign investment to Egypt also slowed in 1998. With South Africa's relatively ample foreign exchange reserves (at more than $18 bn) providing a safety cushion, the smaller capital inflow did not trigger a currency crisis.

In 1997, the South African economy, Africa's largest, was one of the first outside East Asia to feel the financial crisis, though its impact was relatively small that year and the country continued to receive record levels of portfolio investment. Between May and August 1998, however, the South African currency came under speculative attack. Despite generally good macroeconomic fundamentals and a sound banking system, a small current account deficit left South Africa vulnerable. Authorities had few options but to raise interest rates, despite slow GDP growth and high unemployment. The business confidence index dipped in August 1998 to its lowest level since 1986 and GDP growth is estimated as barely positive in 1998. Decelerating economic growth and the fall of the South African currency also triggered exchange rate devaluations, higher inflation rates, increased competition and slower output growth in neighboring countries.

Fuelled by strong agricultural output that benefited from favorable weather conditions,

* *Economic Affairs Officers in the International Economic Relations Branch of the UN Department of Economic and Social Affairs (DESA).* *This article draws on material prepared for* World Economic Situation and Prospects for 1999 *(DESA and UNCTAD, March 1999). The views expressed are those of the authors and do not necessarily reflect those of the United Nations.*

growth in North and West Africa was relatively robust compared to the rest of the continent. Agricultural production in Algeria and Morocco recovered from the drought-affected harvests of 1997, and agricultural growth was similarly strong in Madagascar, Malawi, Mauritius and several other countries. In West Africa, cotton output has been expanding for a number of years in several countries, and in 1998, revenues generally held steady or increased despite lower prices.



Source: UN Africa Recovery from UN DESA data

In several countries in East and Southern Africa, however, agricultural output fell due to adverse weather, as did output in manufacturing sectors linked to the agricultural sector. At the same time, inflation rates and food imports rose in these economies. Agricultural production in Kenya, Rwanda, Tanzania and Uganda, seriously affected by the El Niño weather conditions in late 1997 and early 1998, recovered in the second half of 1998 but not by enough to offset the poor performance earlier that year. Similarly, agricultural output in Ethiopia recovered from the effects of poor rainfall, but food production shortfalls necessitated substantial inflows of food aid. Some countries in Southern Africa fell victim to drought and had to step up food imports. In Zimbabwe, an unexpected shortfall in food production led to severe shortages, substantial price increases and civil disturbances.

Bad weather had consequences for some non-agricultural sectors. Low rainfall in Ghana in late 1997 and early 1998 lowered production of hydroelectricity, which hampered economic activities not only in Ghana, but also in Benin and Togo, to which Ghana exports power.

Civil strife and cross-border conflicts

Political turmoil, civil strife and border conflicts in several countries in Central, East and West Africa again hampered development by diverting scarce resources to the military.

Perhaps the most dramatic development was the outbreak of civil war in August 1998 in the Democratic Republic of Congo. This conflict has severely disrupted economic activity and prospects for economic reform. Plans to strengthen the monetary and banking system were shelved as uncertainty and skyrocketing inflation undermined the new currency introduced in July 1998. Foreign donors suspended financial and technical assistance for economic rehabilitation. Costs spread throughout the region as eight countries, at least, were drawn into the conflict.

The border dispute between Ethiopia and Eritrea that erupted in armed conflict in May 1998 was similarly disruptive to economic activity. Both countries have also increasingly redirected scarce resources to defense and security-related activities. Once thriving cross-border trade between the two countries came to a halt as the borders were sealed after the conflict erupted. Ethiopia shifted its sea-borne trade from the ports in Eritrea to the port of Djibouti, thereby depriving Eritrea of one of its main sources of foreign revenue.

The civil war in the Democratic Republic of Congo (DRC), as well as a brief armed conflict in Lesotho, threatened to undermine the successes that the Southern African Development Community (SADC) had achieved in recent years in promoting social and economic development in the region. In the DRC conflict, the mutual defense agreements of SADC were invoked, thereby expanding the peacekeeping role of the organization.

Similarly, the Economic Community of West African States (ECOWAS) has been preoccupied with the conflicts in Guinea-Bissau, which erupted in mid-1998, and Sierra Leone. Still, it managed to introduce travellers' cheques as a step toward monetary union.

Last year, growth of Nigeria's economy, Africa's second largest, was constrained by political uncertainty, civil unrest, low oil prices and energy shortages. But the government of General Abdulsalami Abubakar has demonstrated a new commitment to reform by accelerating privatization, reorganizing the oil sector to ease fuel shortages, investigating misuse of public funds and eliminating the dual exchange rate. Renewed assistance from the international community and debt relief could follow, though many political uncertainties remain.

Source: UN Africa Recovery from UN DESA data

Towards reconstruction

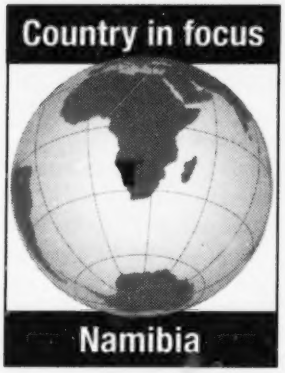
The situation in Sierra Leone remains unstable despite the reinstatement in early 1998 of the democratically elected president, who had been removed from power in May 1997. Continuing civil strife in the countryside and the capital has hampered economic activities.

Economic indicators only partly capture the impact of such conflicts. Angola's GDP, for example, has continued to grow during the country's civil disturbance because the important oil sector is relatively isolated. Other indicators present a more comprehensive picture. For example, there are about 1.3 million internally displaced people in Angola and the under-five mortality rate of children is about 30 per cent. And in Sudan, the long-running civil war combined with inadequate rainfall led to widespread hunger and starvation in 1998, necessitating substantial emergency food assistance. In Somalia as well, adverse weather and continued strife caused serious food shortages.

In contrast, post-conflict developments have been encouraging in a number of countries. Economic activity is recovering in the Republic of Congo after a civil war in 1997 caused widespread destruction of infrastructure and a decline in the non-oil economy. In Liberia, the government launched a $433 mn reconstruction programme and hopes to attract foreign investment to exploit its mineral resources. In Burundi, Mozambique and Rwanda, GDP growth was fueled partly by a revival of farming activities after civil disturbances. Mozambique and Rwanda each achieved growth rates of 10 per cent in 1998. Mozambique's performance also reflects substantial inflows of FDI for large-scale projects in infrastructure, construction and industry. ■

Stable economy, daunting challenges

Namibia promotes a thriving private sector and tackles stark social inequities



The Namibian government has embraced liberal economic policies and seeks to diversify an economy dominated by mining and the services sector. While overall output rose at the robust average rate of 5 per cent per year in the first five years after independence in 1990, growth has since slowed. With the fiscal deficit expected to widen this year, the government faces formidable challenges, including high unemployment, widespread poverty and the vast income gap between white and black Namibians, a legacy of colonialism and apartheid. Nevertheless, the medium-term outlook seems promising, with continuing efforts to support private sector growth, increase foreign investment inflows and improve the social sector.

Since Namibia secured independence from South Africa nine years ago, the government has pursued policies that aim to promote a thriving private sector, increase employment opportunities and diversify the economy. Today, Namibia has one of the most open and investor-friendly economies in Africa.

Real GDP grew at an average annual rate of 5 per cent between 1991 and 1995, keeping well ahead of an annual population growth rate of 2.6 per cent. However, growth slowed in 1996 to a rate of 2.9 per cent, dropping further to 1.8 per cent in 1997, mainly due to external factors, such as falling commodity prices and adverse climate conditions, as well as declining productivity.

Growth in 1998 is estimated at between 0 and 1.5 per cent. However, a recovery in the construction sector, increased output in the fishing sector and increased offshore diamond mining are expected to boost growth this year.

But social inequalities, high rates of poverty and unemployment pose formidable challenges, while at the same time the government seeks to maintain investor confidence and growth in an economy that is highly dependent on the private sector.

The government aims to meet these challenges by investing heavily in education and training, expanding social services, providing safety nets for the marginalized poor, implementing land reform and affirmative action policies and, above all, continuing to embrace policies that promote further economic growth.

But increased fiscal spending on education, health and social services clashes with the government's goal of progressively reducing budget deficits to 3 per cent of GDP. And over-expenditure by ministries and heavy recurrent spending on salaries for 70,000 civil service employees is forecast to have pushed nominal spending in fiscal year 1998/99 nearly 20 per cent above the level in FY 1997/98.

The budget deficit is expected to widen this year, largely due to increasing debt-servicing costs and the cost of financing Namibia's military presence in the Democratic Republic of Congo conflict. The cost of servicing the national debt in fiscal year 1998/99 is expected to take up 6.51 per cent of the budget, or N$441.7 mn compared to N$333 mn the previous fiscal year. The involvement in the Congo was allocated N$30 mn in the 1998/99 revised budget but the economic costs of the war are also expected to include reduced foreign investment and aid flows. The European Union, for example, has announced that it will review aid to Southern African countries involved in the war.

The country's external debt, however, is relatively small and Namibia, unlike many African countries, does not need to turn to the World Bank for relief. In fact, there are no World Bank loans outstanding to Namibia. The World Bank's role in Namibia is currently confined to providing technical assistance to support the government's efforts to reduce poverty, build local capacity, and enhance management of water resources.

With the private sector playing a dominant role in the economy, the medium-term outlook remains promising. The country is sparsely populated, but its investor-friendly policies have combined with political stability to make it one of the most attractive markets in sub-Saharan Africa. A foreign investment law, providing liberal investment conditions and full protection of investments, was enacted during the first year of independence in 1990. Companies which operate in the export processing zones (EPZ) enjoy a zero-tax regime while companies operating elsewhere in the country are subject to competitive tax rates. Generous tax breaks are available for firms investing in the mining and petroleum sectors.

Namibia was deemed one of the "front runners" — a developing country that stands out for its success in attracting relatively high and growing levels of foreign direct investment (FDI) in per capita terms — by the UN Conference on Trade and Development (UNCTAD) in its *World Investment Report 1998*. According to UNCTAD, Namibia was the ninth largest recipient of foreign direct investment in Africa in 1997.

Namibia's favourable economic environment has attracted commitments from donors and investors alike. Some 30 donor nations have made commitments totaling $600 mn to help fund

Namibia at a glance

Population, July 1998	1.62 million
Population growth rate, 1998	1.6%
GNP per capita, 1997	US$2,220
Currency	Namibian dollar (N$)
Exchange rate, February 1999	N$6.2 = US$1
GDP, 1997	US$3.3 bn
of which: agriculture	10.7%
industry	33.4%
services	55.8%
Total foreign debt, 1997	US$178 mn
Debt service ratio, 1997	2.6%
Labour force, 1991-97, annual growth	2.5%
Unemployment rate, 1997	34.8%
Life expectancy at birth, 1998	56 years
Infant mortality, 1998 (per 1,000 live births)	58
Access to safe water, 1991-97	62%
Literacy, 1990 (age 15+)	40%

Sources: World Bank, IFC, Standard Bank Namibia, UNICEF, State of the World's Children 1999, Economist Intelligence Unit

Asser Kangootui

President Sam Nujoma (right) with Mr. Michael Jackson (centre) and his business partner Mr. Don Barden, who have shown interest in Namibian investment opportunities.

the country's first five-year National Development Plan (NDP1), covering the 1996-2000 period. The European Union, Sweden, Norway, Finland, United States and Germany are among the largest contributors to Namibian aid. Germany, Namibia's first former colonial power, is the largest single source of development and technical aid and accounts for 7 per cent of total foreign investment.

South Africa overshadows Namibia

But Namibia has to contend with the big shadow of South Africa, which has an economy 40 times larger. This is a legacy of the country's colonial past: South Africa ruled the territory for 75 years. Today, South Africa accounts for 80-90 per cent of Namibia's foreign trade and is the source of approximately four-fifths of all investment, including investment in the key sectors of mining, banking and insurance.

Events in South Africa often have ripple effects on Namibia. For example, when South Africa's currency, the rand, came under speculative attack between May and August 1998, largely due to the contagion effects of the Asian financial crisis. The Namibian dollar, which is pegged at parity to the South African rand, in turn lost some 20 per cent of its value last year. Bank interest rates were pushed significantly higher, from around 16 per cent in March to 23 per cent in December, dampening investment and consumption.

Namibia belongs to both the Common Monetary Area and the Southern African Customs Union (SACU), both dominated by South Africa. With SACU members Botswana, Lesotho and Swaziland, Namibia has been seeking renegotiation of some of the key clauses. Some economists argue that certain SACU arrangements constrain investment inflows, economic diversification and growth in these countries. Illustrating the downside of the close relationship, President Sam Nujoma said at a Cabinet meeting on 2 February this year: "If South Africa is in recession, must we also be in recession? What kind of logic is this? Our economy is, of course, linked with that of South Africa, but it has its own dynamics."

At independence in 1990, Namibia attracted the attention of foreign investors who had long shunned South Africa because of its apartheid policies. But the transformation of South Africa into a

turn to page 22

Diamonds dominate Namibia's economy

Namibia's economy is heavily dependent on mining, which contributed an average 21.5 per cent annually to GDP in 1991-95.

In 1997, revenue from the export of metals was $793 mn, or 56.9 per cent of total export earnings, of which diamonds contributed $552 mn, or 40.6 per cent. But after 80 years of exploitation, the diamond industry is having to face up to a new challenge — the stones are getting harder to find. Nevertheless, the country remains the world's fifth largest producer of diamonds.

The Namibian Chamber of Mines reports that the number of carats per 100 tonnes of gravel fell from almost 7.6 in 1987 to some 2.7 in 1997. Furthermore, inland deposits "could be depleted within the next 10 to 20 years," notes the Bank of Namibia's 1997 annual report.

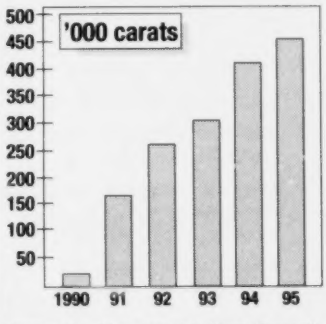
However, the industry is stretching its operations offshore. Today, Namibia is the only country that mines diamonds from the seabed. Some 29,000 carats, or 4 per cent of total diamond output, were recovered offshore in 1990, rising to 623,000 carats, or 44 per cent of total output in 1997. "If the expansion plans of the diamond producers are successful, offshore output is expected to surge to 1.27 mn carats in 1999 and 1.60 mn in 2000," says the Bank of Namibia.

Namibia is expected to increase its total diamond production from an estimated 1.4 mn carats in 1997 to 2.2 mn carats a year by 2000, according to the Bank of Namibia.

Much of Namibia's diamond trade is in the hands of De Beers, which mines half of the world's diamonds — in Namibia, Botswana and South Africa — and in the past controlled up to 80 per cent of the global diamond market, worth around $50 bn in 1997. However, the Russians are encroaching on De Beers' territory in Southern Africa. Looking at the long-term, Russian engineers are preparing to start a $15-20 mn geological hunt for diamonds in Namibia, near the Kalahari Desert, on the Botswana border, and a $150 mn search under the sea, on the continental shelf. Russia's largest producer and exporter of rough diamonds, Alrosa, is planning a major joint-venture investment in undersea mining of diamonds in Namibia.

Marine diamond production on the rise

Namibia is the world's largest producer of gem-quality diamonds.



Source: Namibian Economic Policy Research Unit

Namibia: making democracy work

After the political, economic reconciliation is now the 'second phase of our struggle'

A country which went through a bitter and prolonged war of liberation, Namibia celebrated its ninth year of independence in March. In an interview with Africa Recovery, Prime Minister Hage Geingob talks about his government's efforts to foster democracy and development.

Assar Karlgodtul

By **Peter Mwaura**

Since independence, Namibia has been relatively peaceful and stable. How have you managed this?

Our struggle was about peace. We, therefore, upon achieving independence, adopted a policy of national reconciliation. We said we had a bitter past, we hated each other, but after independence we should hold hands. We should live together and forget the past and forge ahead, because we all belong to Namibia and must do what we have to do to live in peace.

How did you sell the policy of reconciliation to the whites?

Swapo, headquartered in Lusaka during the struggle, initiated the policy. We started to invite some whites to come out to Zambia to meet us. They didn't know us as ordinary human beings, that we also had basic needs like they did, like wanting our children to have three square meals a day, and to go to school, and come back unmolested. So when they discovered that we have the same desires, they accepted the policy of reconciliation.

Does reconciliation in practice mean an acceptance of socio-economic inequalities?

No. Unfortunately, there are some white Namibians who think the policy of reconciliation was derived from a position of weakness. They feel that it's a one-way street — that we should reconcile and they maintain their privileged positions. We have now achieved political reconciliation. Now we must move together as citizens to look at economic reconciliation. And that is very difficult. That's what we call the second phase of our struggle.

Some 5 per cent of Namibians, mainly white, control 72 per cent of GDP. Annual incomes range from an average of US$14,000 for whites to US$85 for the poorest blacks. What are you doing about this skewed distribution of wealth?

Affirmative action, which has been applied in societies where there was racial discrimination, is part of the economic reconciliation. In Namibia the policy is being applied by favouring the majority who were disadvantaged during the colonial era. But we don't do it at the expense of lowering standards. We say that if two people apply for a government job — one white, one black — we will give preference to the black person who may have the same qualifications but less experience, because experience you only gain when you are on board. After having been excluded, we say it's nonsense to demand experience. Now, the same affirmative action will apply to women, white or black, but mostly to black women who were also left out like black men.

And in the private sector?

Affirmative action policy is working at government level because we are in charge of that, but not in the private sector. The government is going to introduce a bill in parliament to require the private sector to apply affirmative action. The bill, however, will take some time because you have to consult all the stakeholders.

How far have you gone in leveling the economic playing field?

Namibia is trying to level the playing field so the black people and the coloureds who were left out can enter the mainstream of economic activities. The government has already achieved this in the lucrative fishing industry. We have decided to have quotas for new entrants in the business, so that blacks and coloureds are given quotas [86 per cent of Namibians are black, 7.4 per cent mixed and 6.6 per cent white]. They use their quotas to negotiate with owners of fishing boats to catch for them.

The government plans to do the same with the

Namibia: key dates

1876 Namibia becomes a British colony.

1884 Germany annexes Namibia.

1915 South Africa occupies Namibia during World War I.

1920 League of Nations declares Namibia a mandated territory, to be administered by South Africa on behalf of Britain.

1946 United Nations rejects South Africa's attempt to make Namibia its fifth province.

1950s The Ovamboland People's Congress, which later becomes the South-West Africa People's Organization (Swapo), emerges and leads the political struggle against South African occupation.

1960s Swapo launches armed struggle.

1978 The International Court in The Hague declares South Africa's presence in Namibia illegal.

1988 An international agreement is reached for the withdrawal of Cuban troops from Angola and South African troops from Angola and Namibia, paving the way for independence.

1989 In UN-supervised elections for Constituent Assembly, Swapo wins 57 per cent of the vote. Sam Nujoma appointed President.

1990 Constitution is adopted, effective 12 March 1990, mandating a multiparty democratic system. Independence from South Africa on 21 March.

December 1994 Swapo wins general elections with 74 per cent of the vote. Sam Nujoma directly elected as President.

3 November 1998 Parliament passes the first constitutional amendment to allow President Nujoma to run for a third term.

December 1999 National Assembly elections due.

other economic activities. But it does not want to level the playing field by taking away from the rich people, bringing them down to the poverty level of the others. First enlarge the cake, because the problem is caused by the small cake we have. You invite local and foreign investors and create the conditions conducive for investment. And one of the conditions is peace. So in these nine years, we've been doing that. If you have peace, democracy, then you have created the conditions for foreign investors to come in. And, by so doing, hopefully you enlarge the cake.

How are you solving the problem of unemployed Swapo ex-fighters?

We realized that we trained them to fight — that's the only skill they have. So immediately after independence, we set up the Development Brigade to try to retrain them, give them skills. But their minds are set that they must carry the gun, so even if we give them a project, they want to join the army. Now, obviously in peacetime, you don't have to have a big army. So our army is very small. But what we are doing therefore is to pass a pension bill for veterans so that those who are old, or those who are injured, etc., can be retired and at least get a monthly income. Those who are still able-bodied may be absorbed into the army or police; those who are handicapped may be given a pension.

N. Akukothela

Ex-combatants register for the chance of getting public sector jobs.

The ex-combatants are saying it took too long to look into their plight, which is true. They are saying they have been very peaceful, they have been waiting, and that we only act when they agitate. So we are now saying they're right. Let's stop everything and have a comprehensive approach and end this problem once and for all.

In changing the constitution to allow President Nujoma to stand for a third term of office, are you not sending the wrong message about democracy in Namibia?

In the last elections, we got a two-thirds majority, which means that the people wanted Swapo. And they knew that with a two-thirds majority we could amend the constitution. They delegated us to go to the parliament on their behalf and do responsible things. And giving President Nujoma a third term is one of the responsible things. We are doing what is good for Namibia, not for the US or UK. The peace we have had for the last nine years is not there just because we said there must be peace. Somebody must be leading the people to maintain that peace, a leader who has united us and brought tranquillity. We are also saying this person has been a founding father of our nation. He's a person who sacrificed all his life for Namibia. And we are saying, since we didn't prepare our people psychologically, as Mandela has done [by grooming Thabo Mbeki to take over], the two terms he has had are too short.

Are you not setting a dangerous precedent?

President Nujoma's third term is a one-time only provision. There are no precedents to be set. Technically speaking, his first term was transitional. He was elected, not by people as the constitution requires, but by a constituent assembly. And given the fact that he's a founding father and we want peace to continue, let's allow him to continue for five more years only.

We did not touch the restrictive clause of the constitution, which limits the presidential term to two five-year-terms. Instead, we amended the transitional clause to say that the first president shall be elected by a constituent assembly and shall serve for three five-year terms. So it is specific to Sam Nujoma. The third term is a reward — if you want to put it that way — to Sam Nujoma by the Namibian people because he has done such a good job. The amendment does not automatically make Sam Nujoma president for a third term. He still must stand for elections and people can vote him out if they don't want him. So the will of the people will be done.

But why has there been so much opposition to the third term from the press and opposition politicians?

Which press? Gwen Lister [editor of *The Namibian*]? The hue and cry about the third term is empty noise by a tiny opposition and a press that is out of tune with the wishes of the Namibian people. Our High Commissioner in London [Ben Ulenga, a Swapo veteran] resigned because of the third term, thinking that he would have a following. But nobody supported him.

Namibia has one of the freest presses in Africa. Why is your government critical of the press?

Freedom of the press is one of the rights that you cannot amend. It's an entrenched right in our constitution. So they can write and write until they get tired. But what we are saying is that we also have our own freedom, starting from the President. Somehow, if we are pointing out obvious mistakes and unprofessional ways, it is being interpreted by some people like we are criticizing the press. We are expressing our freedom of expression also. We are pointing out that the press must also carry out its responsibility of building the nation. Now if you just tell lies, write nonsense, insulting the President, we are saying: Look at our culture as Africans. In African culture, we respect our leaders. If I say that, that doesn't mean that I'm against press freedom. I have my democratic right to tell them that they are wrong. ■

Namibia's challenges

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democracy in the early 1990s ended the country's status as an international pariah, bringing about a revival of foreign investor interest in the country.

"Yes, South Africa is a factor," Prime Minister Hage Geingob told *Africa Recovery*. "We, therefore, have to try to focus on attracting some of the smaller investors... We are also telling the companies that are tired of big concrete jungles like Johannesburg to come to the oasis of peace that is Namibia. And people are coming. Some people are closing shop in South Africa and relocating to Namibia. Not in big numbers, but we are getting our fair share."

A vibrant financial centre

This is illustrated by the progress of Namibia's highly competitive financial market, which has a range of financial services and institutions that has been expanding since independence. Windhoek is a vibrant financial centre which hosts the Namibian Stock Exchange (NSX), opened in September 1992. The NSX is a robust capital market and one of Africa's fastest growing stock exchanges. The number of companies listing their shares on the exchange has jumped from just one at the launch of the NSX to some 40 now. For a long time, the NSX ranked as second largest in Africa in terms of market capitalization (total value of equities traded), just after the Johannesburg Stock Exchange. With market capitalization of some N$150 bn in 1998 and turnover of about N$1 bn annually, the NSX now ranks as Africa's fourth largest.

Linked electronically with the Johannesburg Stock Exchange, the NSX is technically advanced, with an integrated computer system which distributes pricing and volume information to a wider audience outside. Brokers in Johannesburg, for example, are able to follow trading on the NSX in real-time. Through an agreement signed last September with South Africa, Namibia is the first of the 14 member countries of the Southern Africa Development Community (SADC) to link up with the Johannesburg Stock Exchange. The landmark agreement signaled the beginning of greater cooperation and integration of bourses within the SADC region.

The NSX is one of the calmest markets in the region as it benefits from a law that requires Namibian companies to invest 35 per cent of their funds in local assets. However, billions of dollars of Namibian funds have been invested outside the country, particularly in South Africa, where there are greater investment opportunities. The outflow of capital from Namibia, mainly to South Africa, is estimated at N$200 mn per month. The government has said it will now concentrate on attracting back those funds for investment in Namibia.

Skewed income distribution

The government needs to concentrate on a host of other challenging socio-economic problems. The biggest problem, perhaps, is income distribution. Namibia's per capita income of $2,220 (1997) is more than four times the average for sub-Saharan Africa and puts it in the league of some lower middle-income East European countries. But the figure masks one of the most unequal income distribution patterns in the world. The richest 1 per cent of households consume as much as the poorest 50 per cent. A legacy of apartheid, income distribution is also divided along racial lines. The white minority, which owns most of the land and major businesses, is in the top tier, with the black majority at the bottom.

"The paramount challenge Namibia faces today is the alleviation of its high rates of poverty and inequality," says Mr. Dirk Hansohm, a senior researcher with the Namibian Economic Policy Research Unit (NEPRU). This lopsided

Other key sectors of the Namibian economy

'Gold' from the sea

While mining contributes the greatest share of export revenue, fishing is now the most important foreign exchange earner after diamonds and has enormous potential. The ice-cold waters off the Namibian coast provide some of the world's richest fishing grounds. Species caught include hake, horse mackerel and pilchard, as well as lobster and crab. Since the government established a 200-mile Exclusive Economic Zone in 1990 and controlled illegal over-exploitation by foreign vessels, particularly Spanish fleets, the fishing industry has prospered.

Its contribution to GDP increased from 3.9 per cent in 1991 to 7.6 per cent in 1994. The 1995/96 "fish drought," brought about by warm seas, hit the industry and underlined the need for conserving the fish stock for a sustainable fishing industry. However, in good climatic conditions, the industry typically grows at 6 per cent a year.

Fish sales make up 30 per cent of Namibia's export income, estimated at $350 mn. But fishing fleets are largely foreign-owned, although this is slowly changing, as they are increasingly being 'Namibianized' through black empowerment and affirmative actions being pursued by the government.

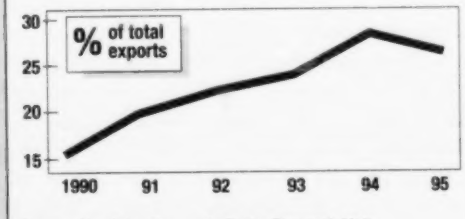
Tourism set to grow tremendously

With tourism becoming one of the fastest growing industries, investment is high and growth of 10 per cent per year is projected. Tourist arrivals increased by almost 9 per cent, from 461,310 in 1996 to 502,012 in 1997 and European tourists more than doubled in 1993-97. "We estimate that tourism will be the largest contributor to national GDP in six or seven years," says Mr. Hennie Fourrie, Director of Tourism at the Ministry of Environment and Tourism

By 2002, tourism will contribute around N$2 bn to GNP, according to Ms. Maria Kapere, the Director of Resource Management in the Ministry. At present 13,000 Namibians are employed directly in the industry and a further 13,000 in support industries.

Namibia's fish exports

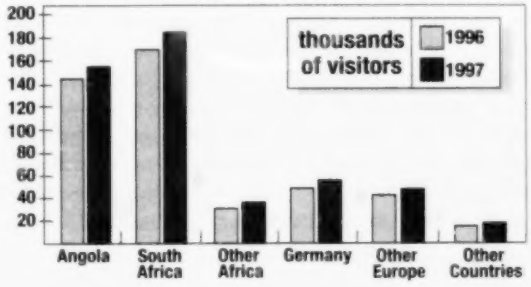
Namibia exports fish mostly to the European Union. Fish exports grew twice as fast as total exports in 1990-95. The sector is now the most important foreign exchange earner after diamonds.



Source: Namibian Economic Policy Research Unit

Visitors to Namibia

More than half a million people visited Namibia in 1997. But 77 per cent of them were from Africa on business or shopping trips, or were relatively self-sufficient and contributed relatively little to the tourism sector. Namibia, some economists argue, should try to attract the more affluent tourists from overseas.



Source: Namibian Economic Policy Research Unit

income distribution is even more striking as Namibia is considered rich by African standards.

The government has initiated a number of programmes to address poverty and the inequality in income distribution. Some of the programmes, however, appear to deal with the symptoms rather than causes. One of the programmes provides a pension for people aged over 60 or who are disabled. With N$169 mn budgeted for the 1998/99 fiscal year, the pensions play an important part in alleviating widespread poverty. A monthly allowance of N$160 per month is provided and although this hardly covers basic necessities, a significant number of households, especially in the rural areas, depend on the pensions as their main source of income.

The government is also focusing on small and medium enterprises (SMEs) to create jobs, improve income distribution and contribute to private sector growth. A sum of N$13 mn was initially earmarked in 1997 to support SMEs, which typically face legal, financial, marketing, technical and managerial problems. Already, there are some 160,000 SMEs, half of which are in retailing. "It is micro economic industries, as well as self-employment, that will create jobs. So we are aiming small," Prime Minister Geingob told *Africa Recovery*.

Another route that the government is taking to create jobs and promote export-led growth is through export processing zones. The EPZs are tax havens that provide many incentives for manufacturing industries that target export markets. The regime allows investors, local or international, to operate free of taxes and certain labour law restrictions in any part of the country. "We regard the whole country as an EPZ," says Mr. Geingob.

Overcoming urban bias in health care

The government is also investing heavily in education, training and health — up to 40 per cent of its annual budget — to correct the imbalances of the colonial past and alleviate poverty and hardship.

Since independence, the government has aimed to improve health services by shifting resources from curative to preventive care, with emphasis on community-based clinics and primary health care. It now spends 13.5 per cent of its budget on health — the second largest allocation after education in the 1998/99 budget— and it is trying to overcome the urban bias in favour of rural areas and the poor. This has brought significant improvements in health care.

The country's major health problems include childhood diseases such as diarrhoea and respiratory infections, high rates of maternal and infant mortality, pneumonia, malaria and tuberculosis. But HIV/AIDS has become the leading cause of death, taking as many lives as malaria and tuberculosis combined. It may also be the country's greatest development threat says the *UNDP Namibia Human Development Report 1998*. Already, life expectancy in the 1995-2000 period is 52.4 years with the AIDS factor, compared with 61.3 years without, says the Joint United Nations Programme on HIV/AIDS (UNAIDS). Worse still, life expectancy may plunge to 40.6 years (with AIDS), in 2000-2005, it adds.

Prime Minister Geingob told *Africa Recovery* the government is doing everything to educate the people about the danger posed by AIDS. But, he emphasized, it is up to the people to change their lifestyles. "They don't seem to want to. What do we do? It's terrible," he said, adding that part of the problem is that doctors, for whatever reasons, do not say anybody ever died of AIDS. "It's always of other complications, such as tuberculosis. So maybe if we can say 'died of AIDS', it may help." *The Namibia Human Development Report 1998* also calls for more openness, saying the silence that still surrounds AIDS in Namibia is a dangerous obstacle in meeting the challenge.

Asser Kangootui

With its deep-sea harbour at Walvis Bay, Namibia hopes to serve as a sub-regional gateway for trade.

Highest priority for education

But it is in the field of education and training that Namibia is exerting the greatest efforts, at least in financial terms. And rightly so, as education badly needs reform. Some 15 per cent of Namibians have never been to school, 54 per cent never went beyond primary school, and only 2 per cent reach university or college.

The government spends more than 25 per cent of its budget on education — nearly twice as much as on health. However, critics say, the effectiveness and efficiency of spending could be improved by distributing resources more equitably and spending more on education materials and less on teachers' salaries.

Still, educational opportunities have increased dramatically since independence. The number of pupils entering secondary school, for example, has quadrupled to more than 12,000 today. And a commission, set up in 1998 to examine proposals for educational reforms, began work in January this year.

Unemployment is another burning social problem, having increased sharply in recent years, from 19 per cent in 1991 to 32.9 per cent in 1993 and 34.8 per cent in 1997. Most of the unemployed have little education and poor skills, according to 1998-2010 National Human Resource Plan and 38 per cent of them are aged 15-24. According to H&E Labour Consultants, by 1996 combined adult unemployment and underemployment had reached 60 per cent of the labour force, with new entrants to the labour market estimated at 20,000 people per year.

The problem of unemployment among the ex-combatants who fought for Namibia's independence has been particularly explosive. Efforts to rehabilitate them through a number of Development Brigade Corporation companies, set up specifically for the purpose, failed to alleviate the problem as some of the companies went bankrupt and, according to Prime Minister Hage Geingob, many of the ex-combatants "want to be just in the army." A total of 9,511 have been registered for possible recruitment by the government or government-affiliated bodies.

In addition to unemployment, the country has an acute shortage of skilled manpower. According to the National Human Resource Plan, Namibia's labour force was characterized at independence by considerable skills shortages on the one hand, and a large army of unskilled and unemployed people on the other. Rapid population growth since independence has made the situation worse.

Clearly, Namibia has a long way to go in building an equitable society. But all factors considered, Namibians can look back with satisfaction on the first nine years of independence in which they have built a nation from the ashes of war, fostered a peaceful democracy and generated a robust private sector. In the circumstances, the tasks that remain, including correcting the glaring inequities inherited from more than a 100 years of brutal colonialism and apartheid, are formidable but not insurmountable. ■

N. Akukothela / Namibian Ministry of Information and Broadcasting

A farmer drives her livestock to a water point in Daan Viljoen. Beef and mutton production, in both communal and commercial farms, is the mainstay of Namibia's agriculture.

Agriculture still marked by years of apartheid

Perhaps in no other area of economic activity in Namibia is the difference between rich and poor as stark as in farming, a result of the country's colonial and apartheid past. The sector is characterized by unequal access to good land and sharp differences in incomes. Since over 70 per cent of Namibians live in rural areas and are dependent on agriculture — the sector is by far the single largest employer — there is widespread poverty and some social and political discontent.

The sector is divided between white commercial farming and black communal farming. Some 4,200 white farmers own 36.2 mn hectares and employ some 36,000 black labourers on farms that average 8,620 hectares. The communal farmers operate on a total of 33.5 mn hectares but support 1.2 million people, or 95 per cent of the farming population. Access to communal land is governed by custom and there are no freehold titles. It is also overcrowded, overgrazed and prone to drought.

Pre-independence policy favoured the white commercial farmers, who enjoyed subsidized inputs, services and controlled prices, particularly of maize and beef, which were well above world prices. The government has since independence revised its agricultural policy but the communal farmer still remains the underdog.

"The subsidies and direct agricultural services have been poorly targeted, the extension staff have been ill-prepared for their work, asked to take on work that is inappropriate, and have been unable to reach the most needy," the Namibia Economic Policy Research Unit stated in a 1996 report. "Farm production and rural incomes remain low. The framework for the price controls on beef and maize is still in place. The benefits are weighted in favour of the commercial producers and monopolistic processors."

The euro and Africa

from page 1

in terms of trade to any partner of the euro zone, including the CFA," says Mr. Yilmaz Akyuz, Chief, Macroeconomic and Development Policies of the UN Conference on Trade and Development (UNCTAD). He acknowledges that reduced transaction costs and the elimination of exchange rate uncertainty within Europe following the euro's introduction could boost euroland's income levels and demand for imports. But citing recent economic forecasts, Mr. Akyuz points out that, in the period to 2010, total income for all euroland could rise just 3 per cent and increased trade with euroland would lead to a rise in developing countries' GDP of just 0.3 per cent over the same period.

Moreover, Mr. Akyuz speculates that euroland's growth may not even reach 3 per cent as a result of costs associated with member countries' obligation to meet tight fiscal and monetary policy targets. And even if the overall effects on African trade are positive, the euro regime could have a negative impact on certain businesses, sectors and/or economies in Europe. In turn, this could slow export growth in certain sectors of African economies.

Freer, greater financial flows

In the positive scenario for financial flows, exchange rate stability promoted by the CFA-euro link could lead to benefits such as greater inflows of direct investment from euroland countries, says a recent International Monetary Fund (IMF) report[1]. Other investment flows from Europe into the CFA zone could increase if European institutional investors — such as pension fund and insurance companies — decide to diversify their portfolios by moving some of their funds to CFA countries, another recent IMF report notes[2]. And these benefits could be enhanced and reinforced by the improved access of CFA countries to euroland's financial markets. Borrowers in CFA countries would find that they could raise funds more easily and at cheaper rates in the deeper, more competitive financial markets expected to emerge in euroland.

Addressing the European Parliament in late October, Mr. Tommaso Padoa-Schioppa, member of the Executive Board of the European Central Bank, drew a promising picture. "Capital movements between the CFA franc zone and the entire euro area, and not only France, are expected to be liberalized after the pegging of the CFA franc to the euro," Mr. Padoa-Schioppa remarked. "This, together with the ongoing trade liberalization within the CFA franc zone, should help the zone to reap the benefits from globalization. However, this will take time and will also depend on the pursuit of sound macroeconomic policies and the strengthening of domestic financial systems."

BCEAO officials recently said that they expect the CFA-euro peg to attract more European investors to CFA financial markets, who will be notably more interested in the operations of the regional stock market in Abidjan, Côte d'Ivoire.

But there is a possible downside associated with the freer, greater financial flows expected between the two regions. For example, freer access to euroland financial markets could mean that many CFA borrowers would leave CFA financial markets altogether, hindering their development. In a different scenario, if the euro boosts productivity and growth in euroland and increases the relative attractiveness of euro assets, borrowing costs for CFA countries could actually increase.

And in the event of a crisis of confidence — if the euro gains so much strength that a devaluation of the CFA franc becomes necessary — capital flight from the CFA to euroland could be destabilizing. This risk is not new, however: the possibility of capital flight following a speculative attack also existed under the French franc-CFA franc link.

Strong or volatile euro poses risks

Exploring possible negative aspects of the CFA-euro link, some analysts warn that either a strong or a volatile euro could harm CFA economies. Among the main risks associated with the euro peg "could be the potential appreciation of the real effective exchange rate of the CFA franc zone countries" which could undermine the competitiveness of CFA countries' exports, says Mr. Cornelius Mwalwanda, Senior Economic Affairs Officer with the UN Economic Commission for Africa. Heightened volatility of the euro in terms of other major currencies, "both in the transition and early years as well as over the long run" would also hurt CFA countries' trade performance, he adds.

Such risks, said Mr. Mwalwanda, were among the many issues raised at a November 1998 symposium on the future of the CFA franc zone, held by the Council for the Development of Social Science Research in Africa (Codesria) in Dakar, Senegal.

For example, one symposium participant, Mr. Karamoko Kane of the Cheikh Anta Diop University in Dakar, Senegal, was willing to bet that "the euro will be in future one of the strongest currencies of the international monetary system." In this scenario, the CFA franc would "follow the euro in its appreciation against the US dollar or yen and also, in the same movement, against the currencies of developing countries, notably those of Asia and Latin America which are fixed to the dollar,

What is the euro?

The euro — the single European currency — will replace the national currencies of 11 member countries* of the European Union (euroland) during a three-and-a-half year period that began on 1 January 1999. On this date, the exchange rates of the euroland countries were "irrevocably fixed" to the euro. The 11 national currencies and the euro will coexist until mid-2002, the date by which the national currencies must be completely withdrawn from circulation.

While marking a milestone in the European Union's economic integration process, the launch of the euro has significance beyond Europe. Some economists and financial experts believe the euro could become a major international currency to rival the US dollar.

The euro does not yet circulate in the form of notes and coins, but many banks, businesses and other institutions — within and outside euroland — already have begun denominating transactions in euro.

** Austrian schilling, Belgian franc, Finnish markka, French franc, German deutschemark, Irish pound, Italian lira, Luxembourg franc, Dutch guilder, Portuguese escudo, Spanish peseta.*

[1] *Michael T. Hadjimichael and Michel Galy,* The CFA Franc Zone and the EMU, *IMF Working Paper, No. WP/97/156 (Washington, DC, November 1997).*

[2] *John Green and Phillip L. Swagel, "The Euro Area and the World Economy,"* Finance & Development, *Volume 35, No. 4 (December 1998).*

yen and even to the [IMF's] special drawing right (SDR)." Mr. Kane concluded: "A developing region with an overvalued currency would be excluded from global competition."

In other words, a strong euro could hit CFA economies hard by making their exports more expensive and by making import prices cheaper than those of competing domestically-produced goods. This could be especially devastating in the light of stiffer competition already posed by exports from countries with devalued currencies in Asia and in other emerging market countries.

And because the euro is forecast to be a stronger currency than the French franc, some believe this could put pressure on the CFA franc to devalue against the euro. "If the euro is strong, I expect that the CFA countries will come under pressure in terms of loss of competitiveness and this could effectively necessitate more frequent [exchange rate] adjustments than we've seen under the system of pegging to the French franc," Mr. Akyuz of UNCTAD told *Africa Recovery*.

In fact, the CFA franc has only undergone one devaluation in its 50-year history — in January 1994, it went from CFA 50 to CFA 100 = FF1 — a measure virtually imposed by France, the IMF and the World Bank to jump start franc zone economies after nearly a decade of recession. The memories of the 1994 devaluation and its immediate effects linger. Described at the time as "brutal and painful" by Benin's then-President Nicéphore Soglo, the devaluation was followed by a series of harsh economic policy changes. But many economists now give credit to the 1994 devaluation, together with the associated policy changes, for the region's stronger economic performance of recent years.

Devaluation fears recede — for now

In the months preceding the euro's launch, officials within the CFA franc zone and France sought to dispel periodic rumours that the shift in the CFA franc's peg to the euro would lead to a devaluation of the CFA franc. On numerous occasions in the last year, French government officials publicly reaffirmed the French treasury's commitment to defending the fixed parity following the euro's introduction (see box, page 27).

BCEAO governor Charles Konan Banny also has been giving repeated and emphatic reassurances that the euro's launch would not imply a CFA franc devaluation. In a late November 1998 speech, Mr. Banny stressed that the CFA franc "is currently supported by a sound and efficient macroeconomic framework which will permit it to maintain its value before and after its pegging to the euro." Citing single digit inflation in WAEMU economies since 1995, along with robust economic growth rates, reduced public deficits, improvements in the trade account and increased foreign reserves, Mr. Banny declared that the "major difficulties affecting [WAEMU] have been surmounted and the future is rather promising." All market economies are open to speculative attacks, Mr. Banny said, noting that speculators are often wrong, most notably in the recent past, in anticipating a CFA devaluation following the May 1998 meeting of the European Council to determine European countries eligible to participate in the euro. "That's why we should remain serene, be self-confident and have faith in our common currency," he urged.

Fears of a devaluation in the near-term now seem to have been put to rest. The BCEAO cut in the discount rate by 0.5 percentage point at the time of the euro's launch "is not behaviour that smacks of a fear of devaluation," Mr. Jean-Louis Sarbib, World Bank Vice President for Africa, told *Africa Recovery*.

But in the medium- to long-term, others feel less certain that the euro and the CFA franc will be kept at the current parity. Some analysts advise companies dealing in CFA francs to keep contracts short to protect against a possible devaluation.

Mr. Pierre Messmer, a former French prime minister who forecast the 1994 CFA franc devaluation several months in advance, predicts that the currency will come under increasing pressure to devalue in the next few years. Because France is committed to fiscal restraint under European Economic and Monetary Union (EMU) rules, Mr. Messmer argues that France will not be able indefinitely to cover CFA franc zone deficits and defend the CFA franc's value.

Mr. Messmer and others even doubt that the currency peg will last. This reflects uncertainty surrounding both the future of the euro as the system's anchor and the future of the euro itself. "In the long term we don't know whether the euro will survive or not… It's speculative at this stage to say what's going to happen in 10 or 20 years' time to the euro as an anchor currency, as a reserve currency and as a main competitor in the denomination of international trade, assets and liabilities," notes Mr. Akyuz.

CFA franc zone trade with France and the European Union (1990-96; %)

	Exports[1]		Imports[1]	
	France	EU	France	EU
Benin	1.7	30.5	23.5	51.2
Burkina Faso	11.8	26.9	22.5	34.4
Côte d'Ivoire	14.5	54.2	28.9	52.0
Mali	3.9	37.2	18.9	35.0
Niger	68.2	77.6	22.0	39.6
Senegal	24.6	40.9	33.1	57.4
Togo	5.5	26.6	16.5	34.1
WAEMU[2,3]	**16.2**	**49.3**	**25.6**	**46.3**
Cameroon	26.0	73.4	37.6	69.7
Central African Rep.	7.2	53.1	42.4	56.2
Chad	8.5	67.5	43.1	60.2
Congo, Republic of	10.0	48.9	44.7	68.1
Equatorial Guinea	5.7	49.8	13.6	54.5
Gabon	20.7	31.6	44.2	64.7
CEMAC[4]	**19.5**	**50.2**	**40.7**	**66.3**
Total CFA franc zone	18.0	49.8	30.6	53.4

[1] *Shares of France and all European Union countries in the exports and imports of CFA franc countries.*

[2] *West African Economic and Monetary Union*

[3] *With the exception of Guinea-Bissau, which joined WAEMU and the CFA franc zone in 1997*

[4] *Central African Economic and Monetary Community*

Source: IMF, Direction of Trade Statistics, various years

Symposium debates CFA franc's future

The uncertainty associated with the CFA franc-euro peg has intensified the debate within CFA countries on whether or not a fixed exchange rate system anchored to a non-CFA currency should remain in place. Indeed, this question tended to dominate the presentations and discussions at the symposium on the future of the CFA franc zone held in Dakar in November 1998.

Among those at the symposium discussing ideas for alternative exchange rate systems was Mr. Wilfrid René M'Voula of the Gabonese Ministry of Economy and Finance. The possible scenarios envisaged by Mr. M'Voula and other participants included a fixed exchange rate system managed by the CFA countries themselves, and complete abandonment of fixed exchange rates in favour of 14 freely floating rates. Mr. M'Voula noted that monetary policy sovereignty associated with floating exchange rates "would permit these countries to make the adjustments

needed to render their economies competitive."

While the CFA-euro peg is the "most probable" scenario in the short- to medium-term, Mr. M'Voula believes that "the break up, recomposition or independence of the two African monetary unions [comprising the CFA zone] is possible," in the longer term.

Arguing in favour of flexible exchange rates, Mr. Célestin Monga, a World Bank consultant, urged CFA countries to "abandon both their fixed exchange rate regime and their determination to build an artificial integration, in order for each country to develop, at the national level, a true development policy that maximizes the advantages of an independent monetary policy."

But the "question of the future of the CFA franc should not be posed in terms of issues of sovereignty or dependence but in terms of efficiency," argued Mr. Fidèle Magouangou of the University of the Méditerranée Aix-Marseille II. While the decision to peg the CFA franc to the euro "appears acceptable," he stressed that the CFA economies would not benefit from the peg unless there were "some reforms of the functioning of the CFA franc zone."

He pointed to the need to neutralize the negative effects of a strong euro on the competitiveness of the countries concerned and to "limit the transmission of shocks from the center to the periphery." For Mr. Magouangou, therefore, the principal reform would be "the adoption of a regularly adjustable peg [to the euro] in place of a fixed peg." But in the long term, as CFA monetary institutions get stronger, he envisages "an African 'monetary destiny' that is independent of that of the Europeans."

French neo-colonialism?

One of the hottest issues at the Dakar symposium was the question of whether maintaining a currency link defended by the French Treasury perpetuates French neo-colonialism. While CFA countries have made some gains in the franc zone system, Mr. Tchetche N'Guessan, Director of the Côte d'Ivoire Centre for Economic and Social Research, was among those arguing that France has reaped much greater benefits.

Reviewing the history of economic relations and monetary systems between France and its former African colonies, Mr. N'Guessan said these systems took various forms but were always designed to enhance France's development as a colonial power. Many CFA franc zone

The CFA franc: new peg for a common currency

The CFA franc is the common currency of 14 countries in West and Central Africa, 12 of which are former French colonies. These 14 countries comprise the African Financial Community, which in turn is comprised of two regional economic and monetary groupings. Eight countries — Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo — form the West African Economic and Monetary Union (WAEMU) while six countries — Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea and Gabon — are linked as members of the Central African Economic and Monetary Community (CEMAC).

Each regional grouping issues its own CFA franc. The common currency of WAEMU is the *franc de la Communauté financière de l'Afrique* (CFA franc), issued by the *Banque centrale des Etats de l'Afrique de l'Ouest* (BCEAO). CEMAC's common currency is the *franc de la Coopération financière africaine* (also known as CFA franc), issued by the *Banque des Etats de l'Afrique centrale* (BEAC). Although the two CFA francs are legal tender only in their respective regions, each region's central bank maintains the same parity of its CFA franc against the French franc and capital can move freely between the two regions.

The CFA franc has been pegged to the French franc since 1948*. Only one devaluation has occurred during the history of the currency peg — from CFA50 to CFA100 = FF1 in January 1994.

With the introduction of the euro on January 1, 1999, the French franc is fixed against the currencies of the 10 other European countries participating in the euro. Nevertheless, the member countries of the CFA franc zone and France agreed to maintain the currency peg following the euro's introduction through an arrangement with the French Treasury.

The French Treasury has retained sole responsibility for guaranteeing convertibility of CFA francs into euros, without any monetary policy implication for the Bank of France (French central bank) or the European Central Bank. While the two CFA central banks maintain an overdraft facility with the French Treasury, the amount that can be withdrawn is limited by operating rules that have applied since 1973. Each CFA central bank must keep at least 65 per cent of its foreign assets in its operations account with the French Treasury; provide for foreign exchange cover of at least 20 per cent for sight liabilities; and impose a cap on credit extended to each member country equivalent to 20 per cent of that country's public revenue in the preceding year.

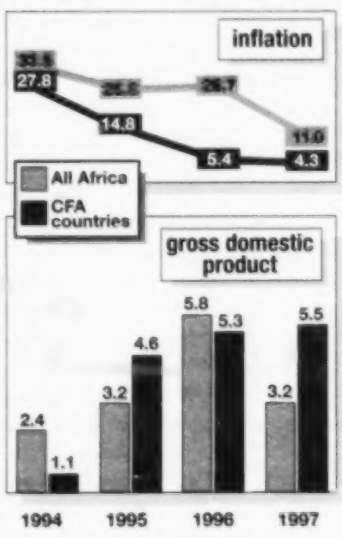
The fixed parity between the euro and the CFA franc is based on the official, fixed conversion rate for the French franc and the euro set on January 1, 1999 (FF6.55957 = EURO1). As a result, the value of the CFA franc is now fixed against all 11 euro-zone country currencies. Since the CFA100 = FF1 exchange rate has remained unchanged, the CFA franc-euro exchange rate is simply CFA665.957 = EURO1.

The CFA franc is actually pegged to the euro in de facto terms from January 1999. The peg will become official in 2002 — when France and the other euro-zone countries must completely withdraw their national currencies from circulation.

**The Comoros also pegs its currency, the Comorian franc, to the French franc and, since January 1999, to the euro. The Comorian franc was also devalued against the French franc in January 1994, by 33 per cent.*

Macroeconomic trends of the CFA franc zone

(annual percentage change)



Source: UN Africa Recovery from IMF, World Economic Outlook (May 1996, October 1998)

mechanisms were simply the "monetary dimension of the colonial agreement," he said, noting that "exchange rate policies played a major role in [France's] domination of its colonies." And today, the fixed exchange rate regime "remains an essential factor in determining the economic performance of the CFA franc zone," Mr. N'Guessan argued.

When the terms of trade were favourable, Mr. N'Guessan continued, CFA countries had good track records in containing inflation and achieving superior growth relative to non-CFA countries. But he blamed the "financial repression" associated with the exchange rate regime for poor performance in terms of savings and debt levels.

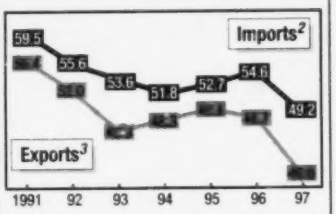
The balance sheet according to Mr. Jean-Louis Sarbib of the World Bank, is very different. "It's really quite extraordinary that these African countries in the CFA zone have had for years what euroland has only had for several weeks. If you look at the performance over a period of time, I think the advantages of the current fixed exchange rate arrangement outweigh the disadvantages… the only real shock, so to speak, was the 1994 devaluation from which I think countries have benefited," he told *Africa Recovery*. This good performance is largely due to the peg to a stable currency, Mr. Sarbib continued, adding: "I don't know of many other places in Africa where management of the currency has been as good as it has been in the franc zone."

Some analysts think that the shift in the currency peg from French franc to euro might weaken French influence in the CFA region. "To the extent that the French influence over the [euro-zone] exchange rates is less than the French influence over the French franc… the political link between France and the CFA countries may be expected to weaken a bit," says Mr. Akyuz. "But on the other hand, France becomes the main country [within the euro zone] that takes care of the interests of the CFA countries."

The shift to the CFA franc-euro peg will have "no political implications [for the euro member countries] as such," Mr. Georges Pineau, Deputy Director-General for International and European Relations at the European Central Bank (ECB), told *Africa Recovery*. "Clearly, there is no implication whatsoever for the other [euroland] countries and certainly not for the ECB," says Mr. Pineau after pointing out that the French Treasury has retained sole responsibility for guaranteeing convertibility of CFA francs into euros. This means the French Treasury can defend the exchange rate by making credits to the CFA central banks to cover deficits on their operating accounts (see box, page 27).

Mr. Pineau echoes the official French position on this issue: the currency peg is an internal French budgetary matter, not a monetary issue that would involve France's euro partners. And French officials point to data showing that the CFA central banks' operating account deficits have constituted only a tiny share of the total French budget deficit.

CFA[1] trade with European Union (%)



[1] with the exception of Guinea-Bissau, which joined the CFA franc zone in 1997
[2] share of total CFA imports coming from the EU
[3] share of total CFA exports going to the EU

Source: UN Africa Recovery from IMF, Direction of Trade Statistics Yearbook, 1998

But some are not so sanguine about the continued ability of France alone to cover CFA franc zone deficits. Mr. Messmer, one of the most vocal critics of the CFA franc mechanism, argues that French fiscal commitments under European economic and monetary union will make it impossible for the mechanism to remain intact.

Spurring regional integration

One potential benefit of the CFA-euro peg is if the maintenance and strengthening of a common currency acts as a spur to broader economic integration in West and Central Africa. "Because maintenance of the common currency requires harmonization of policies — including fiscal and trade policies — it's a strong incentive to do the right thing to build a bigger base for regional integration," Mr. Sarbib explained.

In West Africa, for example, CFA countries form half of the 16-nation Economic Community of West African States (ECOWAS). Assuming the CFA countries continue to enjoy low inflation, strong growth and improved economic stability through the macroeconomic policies associated with the euro peg, the "ECOWAS region as a whole will benefit from the spillover effects," Mr. R.D. Asante, who heads the Money and Payments Division of the ECOWAS Secretariat, told *Africa Recovery*. Mr. Asante refers to the euro as an incentive to non-CFA, ECOWAS countries to work towards greater harmonization of monetary and financial policies with the CFA. "And now there is talk of having a dual monetary zone in Africa because of what is happening with the euro," he adds.

Other economists and public officials predict renewed impetus for regional integration throughout Africa. The euro is likely to "reinvigorate the current slow pace of economic integration in Africa, particularly in non-CFA Africa," Mr. Maurice Kanga, Chief Economist at the Central Bank of Kenya, says. He went on to declare that "it will be beneficial, from an economies of scale point of view, to unify the many [African] currencies to face the euro."

Echoing this view, Mr. J.E.O. Mwencha, Secretary-General of the Common Market for Eastern and Southern Africa (COMESA), told *Africa Recovery*: "Strong regional trading blocs are taking shape and we see this as a call for the countries in Africa also to integrate their economies." While he saw this call as one of the euro's positive effects on the 21 member states of COMESA, Mr. Mwencha also cautioned that competition for export markets in euroland is going to intensify. "External suppliers will find it more difficult to penetrate the European market because the euro will make that market even more efficient," he noted. While the European Union is the destination of more than 60 per cent of total COMESA exports, most of those exports are raw materials. Consequently, they may not be too greatly affected by increased competition from other suppliers in euroland, he explained. "But we see the European Union becoming more prosperous and increasingly integrated [as a result of the euro]. So we hope these countries will look outward to invest in Africa, where there is higher return on capital," Mr. Mwencha added.

Within weeks of the euro's launch, the central bank of one COMESA member, Sudan, issued a circular to local banks urging them to conduct commercial transactions in euro. Since the bulk of Sudan's trade is with Europe and because the euro could reduce transaction costs for Sudanese traders, "we are encouraging our

banks to try to deal in euro and to encourage their customers — exporters and importers — also to deal in euro," Mr. Sabir Muhammad al-Hassan, Governor of the Bank of Sudan, told *Africa Recovery*.

But Mr. al-Hassan also pointed out that Sudan may be "a special case" because the economic embargo imposed on it by the US since 1997 makes transfers in US dollars by Sudanese businesses and banks subject to confiscation. "There's a lot of risk involved and there are also additional transaction costs involved to avoid dollars in our transfers. So, by moving into euro, we will remove that risk, of course," he explained.

CFA economies will not benefit from the euro peg unless there are "some reforms of the functioning of the CFA franc zone."

— Fidèle Magouangou
University of the Méditerranée Aix-Marseille II

Still, the euro could help promote regional integration, says Mr. al-Hassan. "In the COMESA area, the trade settlement arrangement is [transacted] in dollars. Because of the US embargo, we were having difficulty benefiting from this arrangement. Now with the euro's introduction we have proposed [to our COMESA partners] that the settlement also be done in euro, not just in dollars." According to Mr. al-Hassan, this would likely increase trading activity throughout the COMESA area.

Ten COMESA member states are also members of the 14-nation Southern African Development Community (SADC). While anticipating that the euro will lead to greater demand for SADC exports by euroland countries, Mr. F.C. Kani, Chief Economist for SADC, also stresses the role of the euro as "a corridor to the low inflation experienced in the euroland region." To the extent that the low inflation rates and low interest rates in euroland result in lower import prices for SADC countries, "this will transmit into lower inflation in the SADC region itself because the pass-through effects of import prices in most SADC economies will be quite high," he explained.

Emphasizing that it is "early days yet," Mr. Kani did not completely rule out an alternative scenario, where macroeconomic performance in euroland deteriorates. "If, for instance, inflation [in euroland] starts going up or there's a recessionary trend in the European economy… that can indirectly have a negative impact on the growth and inflation statistics within the SADC region itself."

Nevertheless, Mr. Kani feels that the euro is more likely to bring benefits than costs to SADC economies. The emergence of a highly liquid capital market from euroland's stable exchange rate regime and low-interest rate environment would be a "very attractive source of capital and short-term financing for African countries, and especially the SADC region," he noted.

"The successful introduction of the euro will stimulate the ambitious and long-term objective of financial integration in SADC," declared Mr. Chris Stahls, Governor of the South African Reserve Bank (the central bank), speaking at a January meeting with ambassadors of euro countries to South Africa.

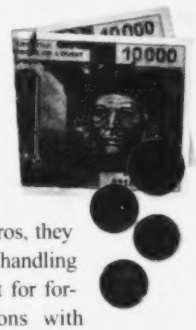
Mr. Stahls shares Mr. Kani's view that African countries could benefit from the euro's stimulating effect on European capital markets. "As the euro establishes itself as a stable currency, and as liquidity in the financial markets of the participating [euro] countries is integrated, South Africa will most probably look more to Europe, not only for short-term trade financing, but also for raising longer-term loan and equity funds," declared Mr. Stahls.

End-1997 figures show the European Union already accounting for 58 per cent of total foreign investment in South Africa, which has the largest economy in Africa. Moreover, Mr. Stahls forecast an increase in the flow of investment from South Africa to euroland countries.

More euro transactions likely

Mr. Stahls also pointed out the considerable merchandise trade benefits expected to accrue to South Africa following the euro's launch, in view of the fact that euroland accounts for 28 per cent of South Africa's foreign trade. Predicting that the euro will gain in stature as a major international currency, he said a greater share of South African trade with Europe would likely be transacted in euro in future.

"We've really gone the 'big bang' route at Standard Bank Johannesburg — we can now entertain clients' requests for any of the [euroland national] currencies or for the euro," says Mr. Willie Potgieter, Director of Foreign Exchange and responsible for setting up the euro systems for Standard Corporate and Merchant Bank, a top South African bank. He expects many of the bank's corporate clients to convert to using the euro over the next year as their trading partners in euroland also switch over. As companies convert into euros, they can enjoy the benefits of handling cash and risk management for foreign exchange transactions with euroland in just one currency, he says.

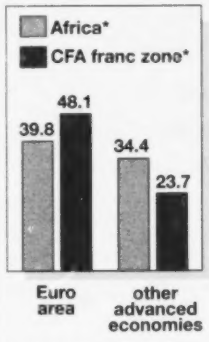


"In response to the challenge posed by the euro, we are expecting to see greater pressure for monetary and economic integration [in West Africa] and this can only serve to boost business volumes," says Ms. Karen Tanoh, financial controller of Ecobank (Ghana). The bank's customers still continue to prefer the national currencies to the euro, reports Ms. Tanoh, though she notes that Ecobank's European counterparts are happier dealing in euro and it is likely the volume of euro transactions will increase in future.

Not all observers expect the euro to have far-reaching effects on their countries' businesses and economies. "In talking to our customers, my impression is that the impact of the euro's introduction has been negligible," says Mr. Atedo Peterside, Chief Executive Officer of Investment Banking & Trust Company (IBTC), a top merchant bank in Nigeria. Mr. Peterside attributes this largely to the fact that the main destination of Nigeria's crude oil, which accounts for some 95 per cent of export revenues, is the US, and the bulk of these exports is priced in dollars. "Even where European countries buy crude oil, they tend to pay a dollar price," he notes.

"But our bank offers accounts in euros since 1 January, the date of the euro's launch. I expect that deutschemark and French franc business will decrease while euro business will increase, though this hasn't really begun to happen yet," he adds. ■

Africa's total trade with euroland (1996)



* *Imports plus exports of goods from and to partner countries in 1996 as a percentage of total imports plus exports*

Source: UN Africa Recovery from IMF, World Economic Outlook, October 1998

UNESCO pushes for science in Africa

African governments urged to set minimum target for spending on technology

By **Peter Mwaura**

Africa needs to develop indigenous science and technology (S&T) and build a critical mass of scientists and technicians to exploit its natural resources, said UNESCO Director-General Federico Mayor at a meeting on the development of S&T in Africa held in New York on 9 February.

Having a core of "relevant scientists" able to make the best choices of available technology, based on the needs of their countries and not on other criteria, is critical for the long-term economic development of the continent, he said. Citing the example of his own country — Spain — which depended on "other peoples' science" until it made a conscious decision to develop its own S&T, he said Africa can also do it if its decision makers decide to make the development of S&T a priority.

The UNESCO Director-General was speaking at a panel discussion which also included Mr. Nitin Desai, UN Under-Secretary-General for Economic and Social Affairs; Mr. Alieu Sallah, UNDP Deputy Assistant Administrator for Africa, and Ms. Lalla Ben Barka, Deputy Executive Secretary, Economic Commission for Africa (ECA).

UN / M. Grant

UN / Ray Witlin

Africa already has excellent scientists, but it needs many more, says UNESCO Director-General Frederico Mayor (above).

Mr. Mayor urged African governments to set, over the next five to eight years, a minimum target of spending 0.4% of their GNP on S&T. This would be in addition to the proposal made in Nairobi in 1995 for the UN Development Programme (UNDP) to spend 3 per cent of its funding in Africa on the development of S&T. He suggested that African governments should also seek "a contribution" to S&T development from multinational companies doing business in Africa.

He pointed out that there already exist in Africa "excellent teams" in a variety of scientific fields, including biochemistry and chemistry, microbiology, oceanography and entomology. The numerous projects in Africa he cited include the 20 chairs in science that UNESCO has established at African universities and the African Network of Scientific and Technological Institutions that supports regional cooperation in research and development (R&D). He also said that he would like to have UNESCO assist in setting up "at least one centre" in Africa for providing advice and assessment of patents.

Mr. Mayor said one of the greatest problems facing the development of S&T in Africa is the brain drain — the loss of Africa's most gifted and capable scientists to developed countries. An estimated 30,000 Africans holding Ph.D. degrees are living outside the continent, he said.

He suggested courses of short duration, rather than long courses for students going to study abroad, as one way of minimizing the possibility of a brain drain.

A culture of science

Mr. Desai said in a message he read on behalf of UN Secretary-General Kofi Annan (see box, next page) that the age of globalization offers a unique opportunity to reverse the course of the brain drain. Noting that the acquisition and advancement of knowledge is a more powerful weapon in a nation's arsenal than any missile or mine, he regretted, however, that the knowledge gap between the North and South is widening and "education often seems the last priority, leading too many third world students to leave for the West to acquire knowledge and education."

He said that Africa needs to take advantage of S&T to add value to its commodities, which have declined in price on the world markets. By helping Africa develop the necessary knowledge and expertise, he said "we can ensure that Africa itself will reap the benefits of its vast wealth."

"No one but Africans themselves can create the enabling environment for investment and economic growth. As the world increasingly adapts to the information age, it is clear S&T

Research and development (R&D) spending in Africa ($US)*

selected countries	year	total R&D	R&D as % of GNP	R&D per capita	Avg. per scientist and engineer
Benin	1989	11,132,613**	0.7	2.3	13,217
Burundi	1989	3,379,323	0.3	0.6	19,878
CAR	1984	1,558,017	0.2	0.6	7,949
Gabon	1986	1,097,283	0.0†	1.1	5,201
Madagascar	1988	10,213,498	0.5	0.9	44,796
Mauritius	1992	11,373,129	04	10.5	29,237
Nigeria	1987	21,481,574	01	0.3	16,055
Rwanda	1985	9,071,122	0.5	1.5	127,762
Seychelles	1983	1,899,232	1.3	29.7	105,513
South Africa	1991	1,009,085,838	1.0	26.4	83,382

* *Conversion rate into US$ for the year the data are given*

** *Estimate*

† *Close but not equal to zero*

Source: UNESCO, Statistical Yearbook 1996

will become ever more important to every country's growth and prosperity," he added.

Mr. Desai said the people of Africa, even at village level, have already embraced a culture of S&T and there are many Africans eager to help develop their continent. S&T can change the whole psychology of development and "shift the focus from decline to an attitude of growth and expansion," he stated. "It can create a sense of self-confidence and self-respect that is vital for growth." The international system, he concluded, should provide support for "genuine development" of S&T in Africa.

Eradicating poverty

Mr. Sallah stressed the importance of S&T in alleviating poverty in a continent in which 200 million people are projected to be "income poor" by 2000. "Poverty eradication must include the acquisition and development of technology that would increase the productivity and revenues of rural communities," he urged.

Noting that S&T is "vital for Africa" and plays "a pivotal role in any development process," Ms. Barka emphasized the need to strengthen Africa's human resources. ECA, she said, has helped to establish 30 research institutions, which have allowed for the training of personnel in key sectors. It is important for Africa to develop its own human resources in S&T, she said, and not be dependent on expertise from outside.

Other highlights of the meeting included the following statements:

- Africa will be unable to rise above its current level of poverty without pursuing manufacturing more purposefully. Doing that will necessarily require greater focus on industrial research and development (R&D).
- The S&T capacity of nearly all African states has steadily declined since the "boom years" after independence.
- Africa has only 20,000 scientists and engineers, or 0.36 per cent of the world total, according to a 1992 study.
- Parts of Africa have only one scientist or engineer for about every 10,000 people, compared to 20-50 in Japan, the United States and Europe.
- Africa produces only about 0.8 per cent of total world scientific publications.
- Africa's world share of patents is close to zero.
- Government spending for R&D is among the lowest in the world — about 0.2 per cent of gross national product. ■

Annan calls for more science education for more females

Noting that the brain drain of Africa's best and brightest to the industrialized world has increased, UN Secretary-General Kofi Annan has said that if Africa is to surmount its shortfall in human resources and scientific progress, it must begin by affording girls and women "complete and comprehensive equality" in education.

UN / Paul McElroy

"Unless we embark urgently on a programme of globalizing the generation of and access to knowledge, the unequal development of the world will only continue."

In the speech read by his Under-Secretary-General for Economic and Social Affairs, Mr. Nitin Desai, to the UNESCO meeting on the development of science and technology (S&T) in Africa held in New York on 9 February, Mr. Annan said the promotion of S&T is "a cornerstone of the kind of economic progress that Africa needs if it is to compete in the 21st century." From communications to biotechnology, scientific innovation is the driving force of growth and development, he said. "And if Africa is to take part in this progress, nothing less than a transformation in priorities and policies is needed."

Mr. Annan's remarks come against a backdrop of disturbing statistics: only an estimated 67 per cent of girls of primary school age in sub-Saharan Africa are in school, only about 23 per cent enter secondary school and less than 3 per cent continue to tertiary levels of education.

The gender discrepancy is even greater in science and technical education, where textbooks do not relate to the daily life of girls and women, and socio-cultural biases discourage women from pursuing courses and careers in science and technology. Only a small percentage of girls enrolled in tertiary education pursue courses in S&T, ranging from as low as 3 per cent in Chad to 28 per cent in South Africa, which has a relatively better developed scientific and technological culture.

No African country can afford to leave women out of these areas of education if they are to achieve a critical mass of scientists and technicians. Women not only make up 50 per cent of the population, they also play the multiple and critical roles of mothers, producers (especially in agriculture) and custodians of family health, nutrition and general well-being, and are best placed to apply the benefits of S&T in everyday life.

Mr. Annan praised the significant contribution in promoting girls' education in S&T made by UNESCO, which has designated women as a priority target group. In order to promote women's education in S&T in Africa, UNESCO has provided $250,000 for a special six-year project which aims to increase girls' access to science and technical education and promote the adoption of appropriate policies. The project, started in 1996, is producing guidelines and materials for teacher training, booklets for children to demystify science, comic strips for adolescents, posters and videos, as well as setting up science camps for girls and designing hands-on science experiments for girls.

UNESCO is also funding two chairs on women in S&T, one at the University of Ghana and the other at the University of Swaziland. In addition, it supported the creation in 1997 of the Helena Rubinstein Awards for Women in Science. Four prizes, worth $20,000 each, are awarded every two years to women scientists who have made their mark in medicine, physics, chemistry, biology, zoology, botany, agro-food and environmental research. The latest winner in Africa is Ms. Grace Oludanni L. Taylor of the University of Ibadan, Nigeria, for her work on the metabolism of lipids.

In January this year, UNESCO organized a regional forum on women, science and technology in Ouagadougou, Burkina Faso. Over 60 specialists from 42 African countries, many of them women, attended the meeting. They drafted an action plan emphasizing the promotion of women in science and technology professions and the importance of their gaining access to science and technical education. The plan includes proposals to review textbooks so that they no longer present demeaning stereotypes of women. It also recommends scholarships and special funds for girls opting for science and technology education.

Mutombo's message to the youth

UNDER THE BAOBAB TREE

The African Baobab is one of the world's hardiest trees, thriving in even the most arid environment. It is also the tree under which some Africans traditionally meet to decide issues of common concern.

by
Djibril Diallo
Director, Division of Public Affairs, UNDP

"We hold the key to a better future for Africa." Those were the words of Dikembe Mutombo, the basketball star who plays for the Atlanta Hawks in the US National Basketball Association. He was speaking at the Global Meeting of Generations in Washington, DC, on 14 January where UNDP Administrator James Gustave Speth had just announced his appointment as UNDP's first Youth Emissary. Mr. Mutombo was clearly elated at being named to this unique position and did not hide his enthusiasm. He saw the appointment as an opportunity to further enhance the work he has been doing to try and better the lot of youths worldwide.

The first time I saw Mr. Mutombo play was against one of the New York teams several years ago. That day, he led his team to a dazzling victory. His impressive rebounds and dunks were the clinchers that put his team ahead. I was immediately impressed at his agility and dexterity with the ball, despite his outstanding physique. He was to go on to become one of the top players ever to grace the courts of the National Basketball Association.

But Mr. Mutombo's excellence on the court, I was to learn later, is only one of his many talents. A product of one of Kinshasa's most deprived neighbourhoods, where he spent most of his formative years, he made a commitment early in his career to use his success on the court to bring relief to children trapped in poverty all over the world. He was particularly concerned about children caught in desperate situations across the African continent. Contributing some of his earnings from basketball, Mr. Mutombo has already helped thousands of African children gain access to basic medical care.

NBA Photos

Dikembe Mutombo with children in South Africa.

Two years ago, he founded the Dikembe Mutombo Foundation, which has become his main mechanism for contributing to the war against poverty. Through the foundation, he has raised and channelled thousand of dollars to development efforts in support of youth, focusing on improving health and education services specifically for children in order to raise their overall quality of life.

For Mr. Mutombo, his support for social development and youth, particularly in Africa, "has not just been a topic for speeches throughout my life — rather it has been a way of life, or perhaps it has been my travelling companion."

He draws from his own experience growing up in Kinshasa to explain his focus on the younger generation. "I know from personal experience that you cannot talk about eradicating poverty without talking about our children." For him, an investment in the youth is an investment in the world's future — its economy, its social health, its stability and its security.

Not surprisingly, Mr. Mutombo has not limited himself to working in Africa, or in the developing world, because he realizes that the danger to the youth exists even in the most advanced countries. In the United States, he has been involved in the "Strong STARTS" programme (Strong Schools Taking Action to Reach Troubled Students) which assists emotionally disturbed adolescents and helps them to succeed in school.

Mr. Mutombo also serves as spokesman for the Atlanta Hawks "Team Up" programme, which encourages middle-school students in the United States to become active in their communities by participating in food drives and working in senior-citizen homes and soup kitchens.

In appointing him its first Youth Emissary, UNDP has recognized the important contribution that Mr. Mutombo has been making toward creating a world in which all young people are able to live healthy, fruitful, poverty-free lives. As Mr. Speth said while announcing Mr. Mutombo's appointment, the Youth Emissary will be co-opted officially into UNDP's worldwide "race against poverty." His major task will be to help bring visibility to youth-related development projects around the world — those projects designed to help young people fight poverty in their communities and which provide a platform for the voice of youth on issues of poverty.

As early as this summer, Mr. Mutombo will begin to undertake field visits to some of UNDP's youth-oriented projects and will help in mobilizing international efforts at addressing the needs of the youth. At each stop, he will interact with both beneficiaries and their community to see how the project has affected their lives.

Although he is yet to decide which specific projects he would see during his visits, there is little doubt that he intends to bring the full weight of his personality, zeal and commitment to bear in focusing attention on the actions that target the eradication of poverty.

For a young man whose childhood ambition had been to become a medical doctor, the new assignment offers one more opportunity to Mr. Mutombo to fulfill his dream of helping those in need to overcome the biggest threat to their lives. ■

AFRICA AGENDA

FUTURE EVENTS

19-24 April 1999, Geneva (Switzerland) — UNCTAD expert meeting on examining trade in the agricultural sector, with a view to expanding the agricultural exports of developing countries. Tel (41-22) 907-5816, fax 907-0057/0043.

21-28 April, Washington, DC (US) — World Bank/IMF Spring Meetings. Contact Merrell Tuck, tel (1-202) 473-9516, fax 522-2632, e-mail <mtuckprimdahl@worldbank.org>.

12-13 May, London (UK) — Oil and Gas investments in Africa, conference organized by the Centre for Global Energy Studies and CWC Associates. One-day symposia on Angola and Nigeria will also be held on 11 and 14 May, respectively. Tel (44-171) 704-6161, fax 704-8440.

17-28 May, New York (US) — Preparatory Committee for the UN General Assembly Special Session on follow-up to the 1995 Social Summit. Fax (1-212) 963-3062.

24-27 May, Nairobi (Kenya) — Africa Water Resources Policy Conference, sponsored by the World Bank. Contact François-Marie Patorni, tel (1-202) 473-6265, e-mail <fmpatorni@worldbank.org>.

25-27 May, Cairo (Egypt) — African Development Bank Annual Meetings. Tel (225) 20.44.44, fax 20.40.06, e-mail <afdb@afdb.org>.

14-18 June, Geneva — UNCTAD meeting of governmental experts from land-locked and transit developing countries and representatives of donor countries and financial and development institutions. Tel (41-22) 907-5816, fax 907-0057/0043.

17-18 June, Cologne (Germany) — G-7 Summit on a new international financial "architecture" and other global economic priorities.

30 June-2 July, New York — UN General Assembly Special Session on follow-up to the 1994 Population Conference. Tel (1-212) 297-5020, fax 557-6416.

20-23 September, Accra (Ghana) — Regional conference on brain drain and capacity building in Africa, organized by UN Economic Commission for Africa (ECA). Contact Peter da Costa, tel (251-1) 51.58.26, fax 51.03.65.

28-30 September, Washington, DC — World Bank/IMF Annual Meetings. Contact Merrell Tuck, tel (1-202) 473-9516, fax 522-2632, e-mail <mtuckprimdahl@worldbank.org>.

25-28 October, Addis Ababa (Ethiopia) — Africa Development Regional Forum: The Challenge to Africa of Globalization and the Information Age, organized by ECA. Contact Peter da Costa, tel (251-1) 51.58.26, fax 51.03.65.

12-16 November, Abidjan (Côte d'Ivoire) — High-level workshop on the role of the public and private sectors in infrastructure development in Africa. Organized by ECA. Contact Peter da Costa, tel (251-1) 51.58.26, fax 51.03.65.

WHAT HAS TAKEN PLACE

26-27 March, Palisades, New York (US) — Financial Markets and Development: Preventing Crises in Emerging Markets, organized by the World Bank and the Brookings Institute. Contact Charlene Mui, tel (1-202) 797-6159, fax 797-6181.

25 March, 1999, New York — Africa's Economies in the Age of Globalization, a roundtable discussion held by the Council on Foreign Relations. Contact Chikondi Mseka, tel (1-212) 518-3421, fax 986-2984.

3-5 March, Dakar (Senegal) — Forum on the Competitiveness of African Economies, organized by the government of Senegal and UNDP's "African Futures" project. Contact Obi Emekekwue, tel (1-202) 906-5322, fax 906-9364.

2-3 March, Ouagadougou (Burkina Faso) — Cinema, women and poverty, seminar organized by UNDP and the Pan-African Festival of Film. Contact Françoise Gerber, tel (1-212) 906-5326.

15-24 February, Cartagena (Colombia) — International talks on a biosafety protocol for the reduction of risks related to bioengineered organisms crossing national borders through trade or accidental releases. Contact Michael Williams of the UN Environment Programme, tel (41-22) 917-8242/8244, fax 797-3464, e-mail <mwilliams@unep.ch>.

28 January-2 February, Davos (Switzerland) — World Economic Forum Annual Meeting. Tel (41-22) 869-1212, fax 786-2744, e-mail <contact@weforum.org>.

AFRICA BOOKS

Trade Reform and Regional Integration in Africa, ed. Zubair Iqbal and Mohsin S. Khan (IMF, Washington; 1998; $22). Papers presented at the IMF African Consortium Seminar, December 1997.

Corruption and the Global Economy, ed. Kimberly Ann Elliott (Institute for International Economics, Washington; 1997; 244 pp; $20)

Economic Growth with Equity: Lessons from East Asia by Kevin Watkins (Oxfam, Oxford, UK; 1998; 160 pp; $11.95)

Gains from Global Linkages: Trade in Services and Movements of Persons by Bimal Ghosh (St. Martin's Press, New York/Macmillan Press, Basingstoke, UK, in association with the International Organization for Migration, Geneva; 1997; $69.95)

Chinese Aid and African Development by Deborah Brautigam (St. Martin's Press, New York; 1998; 256 pp; $69.95)

Handbook on Foreign Direct Investment by Small and Medium-sized Enterprises: Lessons from Asia (UNCTAD, Geneva; 1998; 195 pp)

Sustainability, Growth, and Poverty Alleviation: A Policy and Agroecological Perspective, eds. Stephen A. Vosti and Thomas Reardon (Johns Hopkins University Press, Baltimore, Maryland, US; 1997; 407 pp)

State Building and Democratization in Africa: Faith, Hope, and Realities, eds. Kidane Mengisteab and Cyril Daddieh (Praeger, Westport, Connecticut, US; 1999; 312 pp; $65)

Civil Society and Democracy in Africa: Critical Perspectives, ed. Nelson Kasfir (Frank Cass Publishers, London; 1998; 176 pp; hc $39.50, pb $22.50)

Managing Ethnic Conflict in Africa: Pressures and Incentives for Cooperation by Donald Rothchild (Brookings Institution Press, Washington; 1997; 343 pp; hc $49.95, pb $19.95)

Conflits en Afrique. Analyse des crises et pistes pour une prévention by Médecins sans frontières and Fondation Roi Baudoin [European Institute for Research and Information on Peace and Security (GRIP), Brussels, Belgium; 1998; 293 pp; 895 FB]

Les Belges au Rwanda. Le parcours de la honte by Jean-Claude Williame (GRIP, Brussels, Belgium; 1998; 207 pp; 595 FB)

Cascade of Arms: Managing Conventional Weapons Proliferation, ed. Andrew J. Pierre (Brookings Institution Press, Washington; 1997; 466 pp; hc $49.95, pb $19.95)

King Leopold's Ghost: A Story of Greed, Terror, and Heroism in Colonial Africa by Adam Hochschild (Houghton Mifflin, Boston, Massachusetts, US; 1998; 384 pp; $26)

Mau Mau Memoirs: History, Memory, and Politics by Marshall S. Clough (Lynne Rienner Publishers, Boulder, Colorado, US; 1997; 300 pp; $55)

The Boers in East Africa: Ethnicity and Identity by Brian M. Du Toit (Bergin and Garvey, Westport, Connecticut, US; 1998; 232 pp; $57.95)

Adult Literacy in Mozambique and Cape Verde by Sue Fleming (One World Action, London; 1998; £6.95)

Education for Reconstruction: The Regeneration of Educational Capacity Following National Upheaval by Nina Arnhold et al (Symposium Books, Wallingford, Oxfordshire, UK; 1998; 78 pp; $24)

Les forages à faibles coûts: techniques et procédés by Etienne Lefort and Jean Marchal (Gret, Paris; 1997; 96 pp; 49 FF)

L'électricité photovoltaïque by Luc Chancelier and Eric Laurent (Gret, Paris; 1997; 256 pp; 128 FF)

Women and Education in Sub-Saharan Africa: Power, Opportunities, and Constraints, eds. Marianne N. Bloch et al (Lynne Rienner Publishers, Boulder, Colorado, US; 1998; 360 pp; $59.95)

Gender, Education and Development: Beyond Access to Empowerment, eds. Christine Heward and Sheila Bunwaree (Zed Books, London; 1999; 224 pp; hc $55, pb $22.50)

Angola's Best Last Chance for Peace: An Insider's Account of the Peace Process by Paul Hare (United States Institute of Peace Press, Washington; 1998; 192 pp; $14.95)

The Agony of Algeria by Martin Stone (Columbia University Press, New York; 1997; 274 pp; hc $45, pb $16.50)

AFRICA IN BRIEF

East Africa takes further steps towards integration

Trade and investment in East Africa should receive a boost following the scheduled signature in July of a treaty on East African cooperation by Presidents Daniel arap Moi of Kenya, Benjamin Mkapa of Tanzania and Yoweri Museveni of Uganda. The treaty will establish zero tariff rates for trade between the three East African Cooperation (EAC) members states, although certain products on an agreed list will be excluded, in order to protect public revenue and infant industries. Traders will be able to levy a maximum 10 per cent surcharge on products deemed exempt from the zero tariff. All non-tariff barriers between the three countries will be removed, however. The treaty also provides for an 80 per cent preferential tariff reduction for trade between EAC countries and their Common Market for Eastern and Southern Africa (COMESA) partners.

Treaty advocates hope that cooperation among the East African countries will lead to the development of a single market and investment area, which would capitalize on the region's human and physical resources. With an eye on economic integration aims, EAC members have set ambitious macroeconomic targets, including the reduction of inflation rates to single-digit levels by 2000, budget deficits of less than 5 per cent of gross domestic product and the building of foreign exchange reserves to the level of six months of imports.

EAC membership is expected to expand with the January decision to open the way for Rwanda and Burundi to join. The two countries would add a total 13.8 mn people and a land area of 54,170 square km to the combined population of about 80 mn inhabiting an area of 1.8 mn square km that constitutes the current EAC. But some analysts predict that expanded membership will delay progress on economic integration. ■

East African Cooperation leaders: (from left to right) Presidents Benjamin Mkapa of Tanzania, Daniel arap Moi of Kenya and Yoweri Museveni of Uganda.

Economic sanctions against Burundi suspended

East and Central African leaders suspended their economic sanctions against Burundi, following a 24 January summit in Arusha, Tanzania. Imposed days after Major Pierre Buyoya, a former military ruler of Burundi, took power on 25 July 1996, the sanctions aimed to restore constitutional order and force Mr. Buyoya into peace talks with Hutu rebels.

The sanctions are considered to have achieved some success: six weeks after their imposition, political parties and the national assembly were restored and peace talks between the government and the rebels began last summer. While the sanctions have done much to change the political face of Burundi, they have devastated the Burundi economy, said Mr. Denis Nshimirimana, Burundi's Minister for Public Works and a member of the mainly Hutu Frodebu party.

According to Mr. Astère Girukwigomba, Burundi's finance minister, the sanctions led to a 50 per cent loss in Burundi's export earnings in 1996 and a 25 per cent increase in import costs, while inflation rose from 26 per cent in 1996 to 31 per cent in 1997. Most importantly, the sanctions worsened conditions for the people of Burundi, he said.

Leaders at the Arusha meeting warned that the sanctions have not been unequivocally removed. While hopeful that peace is not too distant in Burundi's future, the leaders said they would carefully monitor progress in this area. A lack of sufficient progress on peace negotiations would mean a reconsideration of the sanctions. President Buyoya assured the leaders that the Burundi government would do everything possible to speed up the peace process.

Prospects for the resumption of international economic development activity in Burundi also have brightened recently, following a nearly three-year period of limited international assistance. At a conference held in New York at the United Nations on 11-12 January, donors agreed to provide $17.2 mn to finance community revitalization and income-earning projects in Burundi, according to the UN Development Programme (UNDP), a co-host of the conference. ■

EU shifts aid away from most needy

Only two of the top 10 recipients of European Union (EU) aid in 1996-97 were least developed countries and none of the top seven was a "low-income" country, according to a report by the international development committee of Britain's House of Commons. EU multilateral aid policy currently gives "more to the better off and less to the poor," while spending plans for the next seven years continue to neglect the needs of the world's poorest countries, says the report.

EU member Germany announced in November 1998 that it would cut back bilateral aid to sub-Saharan Africa from this year. A spokesperson for the Ministry of Economic Co-operation and Development in Bonn reportedly said that from 1999, Germany would shift more aid to eastern Europe, where it aims to boost development and stem the

flow of job seekers to Germany.

In contrast, France is shifting its focus to the most needy countries in its bilateral aid allocations, though it has been channeling increasing amounts of aid through the EU. As part of an overhaul to make its bilateral aid more efficient and transparent, France recently announced plans to draw up a list of countries deemed priority aid recipients. Half of French aid now goes to sub-Saharan Africa and 15 per cent goes to North Africa. France spends nearly 0.45 per cent of its gross national product on aid — the largest proportion of any member of the Group of Seven industrial nations. ■

Donors shirk commitment to slow world population growth

Most donors, including the US, Japan, Germany and France, lag far behind in meeting commitments to fund programmes that improve reproductive health and reduce population growth in developing countries, according to Population Action International's new study, *Paying their Fair Share?*.

Among donor countries, Norway and Denmark have come closest to bearing their share of the cost since the adoption of the Programme of Action by 180 countries at the International Conference on Population and Development (ICPD) held in Cairo in 1994. Covering the 20-year period through 2015, the ICPD Programme of Action aims to increase access to and information on contraception and prenatal care and to boost HIV/AIDS awareness in developing countries.

The cost of basic reproductive health care in developing countries is projected to reach $17 bn per year by 2000 and nearly $22 bn by 2015, according to the ICPD. Each of the 180 countries is to pay its "fair share" based on gross national product (GNP), with donor countries responsible for one-third of the cost. But in 1996, donors contributed a total of $2 bn — just over 35 per cent of the financial target for the year 2000, the study says.

Meanwhile, the ICPD reports that inadequate reproductive health care is the cause of more than 3 million deaths each year, most of which occur in developing countries.

Replenishment agreed for African Development Fund

The African Development Fund (ADF), the soft-loan window of the African Development Bank (ADB), will soon receive $3.38 bn in fresh resources. The Fund's 53 regional members and 23 non-regional members quickly reached agreement to replenish the Fund, for the eighth time since its 1973 inception, at a consultative meeting held in Bonn, Germany, on 13-15 January 1999.

The consultations leading up to the decision, which normally take 18-24 months, were concluded in seven months — evidence of donors' renewed confidence in the Fund's impact on the fight against poverty in Africa, declared a press release by the ADB.

The ADF was established to provide special loans to promote the economic and social development of the ADB's 53 African members, favouring projects that focus on poverty reduction, agricultural development, rural rehabilitation, human resource development, good governance, economic integration and private sector development.

Meanwhile, representatives of 39 donor countries agreed last November on new funding for the World Bank's soft-loan window, the International Development Association (IDA). As a result, IDA will be able to provide concessional lending of $20.5 bn to poor countries between 1 July 1999 and 30 June 2002. Donor countries are providing $11.6 bn in new contributions, with the rest coming mainly from repayments of earlier IDA credits and from the World Bank itself. ■

Special Initiative on Africa exhibition held in London

A three-day exhibition on the UN System-wide Special Initiative on Africa (UNSIA) was opened by the UK's Princess Anne (second from left, making a point to UN Development Programme Assistant Administrator Thelma Awori, far right) in London on 13 December. The exhibition was held to raise international awareness of the continent's development challenges, despite recent gains in many countries. Since UNSIA's launch in 1996, partnerships among African governments, the private sector, civil society, donors and the UN system have been forged to accelerate progress in priority areas such as governance, education, health and information technology.

Low commodity prices hit African economies

With three-quarters of sub-Saharan Africa's export revenues coming from primary commodities, the region is expected to be hardest hit by the record low global commodity prices of the last two years, says the World Bank in the first report of its *Global Commodity Markets* series.

In some cases, prices have plunged to lows that are one-third of 1995 levels. But the price declines span the entire range of commodity sectors, with rubber prices down some 65 per cent from the 1995 level and nickel, copper and other base metal prices down 50 per cent. Lower oil prices will take a heavy toll on African oil producers such as Nigeria and Angola. Oil prices dipped to a 12-year low of less than $10 a barrel last year, from a high of about $22 some 20 months ago.

The falling prices were due more to technology advances and policy changes in commodity-producing countries than to changes in demand patterns, the report says. ■

AFRICA WATCH

DEBT

G-7 ministers agree to improve HIPC debt relief package

Finance ministers of the Group of Seven major industrialized nations (G-7) meeting in Bonn on 20-21 February agreed in principle to proposals that would grant faster debt relief to more of the world's poorest countries. Key to achieving consensus was the attitude of the new German government under Chancellor Gerhard Schröder, which has dropped its predecessor's policy of opposition to some proposals. While the decision on the exact amounts of debt to be written off will have to wait until the G-7 summit meeting scheduled for June this year, reforms proposed at the recent ministerial meeting would cancel some $50 bn in debt over a period of just under two years.

G-7 finance ministers resolved to reform the Highly Indebted Poor Countries' (HIPC) initiative, which has been widely criticized for being ineffective in reducing debt burdens of the world's poorest countries.

Of the 41 countries (33 of them African) originally classified as HIPCs when the initiative was launched in 1996, only two have had actual debt relief — Uganda and Bolivia, in April and September 1998 respectively. Five others have qualified — Burkina Faso, Côte d'Ivoire, Guyana, Mozambique and Mali — while conflict in Guinea-Bissau has delayed its qualification, which was set for the first half of 1999. Mozambique is to get actual debt relief in mid-1999, Burkina Faso in April 2000 and Côte d'Ivoire in March 2001).

One proposal would ease HIPC eligibility criteria by lowering the threshold ratio for "sustainable" debt to exports from 200-250 per cent at present to around 150 per cent. Another proposal, tabled by Germany, would shorten from six to three years the policy track record that countries need to maintain in order to qualify for debt relief.

Ministers also considered a proposal that would fund extra debt relief by selling off 10 per cent of the International Monetary Fund's $30 bn in gold reserves and reinvesting the proceeds. ■

SIERRA LEONE

Conflict demands international attention, says James Jonah

The conflict in Sierra Leone is not just internal but a regional problem that demands the attention of the Security Council and other members of the international community, said Mr. James Jonah, Sierra Leone's finance minister and a former UN Under-Secretary-General for Political Affairs, at a press conference held at UN headquarters on 29 January.

Mr. Jonah urged Security Council members and other major powers to address the crisis in Sierra Leone with urgency. "You cannot pursue rogue states in the Middle East and in Europe and not pursue rogue states in Africa," he said, adding that the international community and the Security Council "must be more even-handed in dealing with this crisis."

Accusing Liberia and Burkina Faso of providing economic and organizational means for the recent rebel invasion of Freetown, Mr. Jonah asked the Security Council to make clear that it would not tolerate the intervention of these countries in the conflict. He also accused Liberia of assisting the rebels by providing military training and refuge.

Freetown was devastated by intense fighting in early 1999 between the RUF and the ousted Armed Forces Revolutionary Council (AFRC). More than 3,000 lives have been lost since the renewal of the rebel offensive last December, and many more people have been maimed in atrocities committed by rebel fighters. ■

DEVELOPMENT

New African policy training institution to open

The Joint Africa Institute (JAI), a new institution providing policy-related training to African government officials, is being established by the African Development Bank, the International Monetary Fund and the World Bank. Based in Abidjan, Côte d'Ivoire, but making extensive use of information technology for distance learning, the JAI will offer courses in areas such as macroeconomic management, poverty alleviation, gender, governance and the environment. The JAI is expected to open in the second half of 1999. ■

APPOINTMENTS

Kenya's internationally recognized social critic, environmentalist and human rights campaigner, ***Ms. Wangari Maathai*** *(left) was among four Africans recently appointed to the Advisory Board on Disarmament Matters, a United Nations think tank set up in 1978 to advise the Secretary-General on disarmament and arms control issues. Ms. Maathai, an academic, is best known for her leadership of the Green Belt Movement in Kenya.*

UN

Ms. Keita Rokiatou N'Diaye *(below, left) of Mali, founding member and Director of Mali's International Institute for Peace and Security and Vice-President of the Administrative Council of the West African Rice Development Association, also was among the appointees to the Board. Ms. N'Diaye was in charge of implementing the peace accord between Mali's government and Tuareg rebels.*

The other Africans newly appointed to the Board were Egypt's ambassador to Japan, ***Mr. Nabil Fahmy,*** *and South Africa's Deputy Permanent Representative to the Conference on Disarmament,* ***Mr. Peter Gooson*** *(right). Mr. Fahmy heads the Egyptian delegation to the Middle East peace process. Mr. Gooson has been responsible for disarmament and non-proliferation affairs for over 14 years at the South African Mission in Geneva.*

UN

Renowned Nigerian author ***Mr. Chinua Achebe*** *(right) has been appointed a Goodwill Ambassador of the UN Population Fund. UNFPA Executive Director Nafis Sadik said Mr. Achebe would help promote the Fund's work on population control and improving reproductive health services, particularly in Africa. The prevalence of HIV/AIDS has increased the need for reproductive health services, making sub-Saharan Africa a UNFPA priority region, added Ms. Virginia Ofosu-Amaah, Director of the Fund's Africa Division, at a press briefing in January. Mr. Achebe said he was pleased to accept the appointment because he supports the aims of the UN.*

UN

Professor Amartya Sen *(right), the 1998 Nobel Laureate for economics, has been named "Distinguished Adviser on Human Development" to the UN Development Programme. A prolific writer on social choice, human capabilities, poverty and famine, Mr. Sen has been closely associated with UNDP's Human Development Reports and, with the late Mr. Mahbub ul Haq, devised the Human Development Index which ranks countries by various measures of their population's well-being.*

UN